HINESVILLE
GEORGIA

"Home for a Day or a Lifetime"

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED OCTOBER 31, 2011


HINESVILLE
GEORGIA

CITY OF HINESVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

OCTOBER 31, 2011

Prepared by:
City Finance Department


HINESVILLE
GEORGIA

CITY OF HINESVILLE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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HINESVILLE
GEORGIA

INTRODUCTORY SECTION

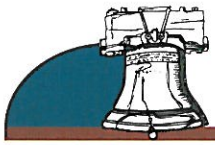

HINESVILLE
GEORGIA

MAYOR
James Thomas, Jr.

CITY MANAGER
Billy Edwards

CITY CLERK
Sarah Lumpkin

CITY ATTORNEY
Linnie L. Darden, III



Finance Department
HINESVILLE
GEORGIA

MAYOR PRO TEM
Charles Frasier

COUNCIL MEMBERS
Jason Floyd
David Anderson, Sr.
Keith Jenkins
Kenneth Shaw

Kimberly Ryon, Chief Financial Officer

April 16, 2012

To the Honorable Mayor, City Council
And Citizens of City of Hinesville:

We are pleased to present the Comprehensive Annual Financial Report of the City of Hinesville, Georgia (the "City") for the fiscal year ended October 31, 2011 to Your Honorable Body, the Mayor and the citizens of Hinesville. This report consists of management's representations concerning the finances of the City of Hinesville. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds and account groups to the City. All disclosures necessary to enable the reader to gain a full understanding of the City's financial activities have been included.

State law requires that every local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill this requirement for the fiscal year ended October 31, 2011.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the Management's Discussion and Analysis, basic financial statements for governmental and proprietary funds; notes to the financial statements and the combining and individual fund statements and schedules for the non-major governmental, special revenue, capital project, and proprietary funds. The statistical section presents selected and un-audited financial and demographic information.

The City of Hinesville's primary government's financial statements have been audited by Clifton, Lipford, Hardison & Parker, LLC. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Hinesville for the fiscal year ended October 31, 2011 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by

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management; and evaluating the overall financial statement presentation. The independent auditors have concluded, based upon their audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Hinesville and its component unit's financial statements for the fiscal year ended October 31, 2011 are fairly presented and conform to generally accepted accounting principles in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Hinesville's MD&A can be found immediately following the auditor's report in the financial section of this report.

The City of Hinesville received federal financial assistance through various federal grant programs. An audit in accordance with the Single Audit Act of 1984, P.L. 98-502, and Office of Management and Budget (OMB) Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations', and "Government Auditing Standards" issued by the Comptroller General of the United States has been performed for the fiscal year ended October 31, 2011. The required reports are included in the Single Audit section of this report.

Profile of the Government

The City of Hinesville was incorporated on July 24, 1916 by the General Assembly of Georgia and is a designated Tree City, a certified City of Ethics and a Georgia City of Excellence. The City of Hinesville is located in northern Liberty County. The City has an estimated population just over 37,000, is 21.18 square miles and consists of 13,557.16 square acres.

The City operates under a charter which provides for a Mayor-Council form of government with a City Manager. The Mayor and five council members are considered to be part-time. Each Council member is elected by their respective districts and elections are held every four years. The Mayor is elected by a majority vote of the voters voting on a City-wide basis. The mayor and council take office on the first day of January following the general municipal election for a term of four years. It is the duty of the Council members, in general, to set policy, set millage rates, to approve budgets, to pass ordinances and to hear and act on requests for rezoning and annexation. The City Manager is appointed by the Mayor and Council to manage the government through the development, implementation, and execution of programs and policies established by the council.

With its population of 33,437 (2010 census), Hinesville is the largest city in Liberty County, the second largest city in the coastal region and 24^{h} largest city in the State of Georgia. From 1980 to 1990, Hinesville experienced a rapid period of growth and expansion. In 1980, Hinesville's population stood at 11,309 persons, which accounted for 29.8% of Liberty

County's population. By 1990 the City's population grew by an astounding 91.02% to 21,603, which accounted for 41.0% of Liberty County's population. By 2000 the City's population once again showed significant growth at 30,392, a 40.68% growth accounting for 49.33% of the total population of Liberty County. Today, the population growth potential of Hinesville continues to be the highest of all the county's municipalities.

It is important to note, even in growth the City still retains a small town atmosphere where newcomers and longtime residents work hand-in-hand to achieve a better community. The City has an established expandable urban services system and financial ability to support its population growth. Recognized as one of the fastest growing cities in Georgia, Hinesville is understandably proud of its progressive leadership and popularity.

The City provides a full range of services to its citizens, including police and fire protection; a municipal court system; curbside solid waste collection; recycling service centers; water and storm water management; as well as other general government services. Wastewater treatment is provided to the city residents by a regional sewage treatment plant located on Fort Stewart and a Water Reclamation Facility located on JV Road. Both facilities are operated by CH2M Hill. CH2M Hill provides several other services to the citizens of Hinesville to include street maintenance, utility maintenance, sanitation, and stormwater services.

Public Safety

Police

The Hinesville Police Department is dedicated to making Hinesville a secure and pleasant place to live and work. Officers are trained to enforce city ordinances and state laws within Hinesville's city limits. In 2011, the Department responded to 62,513 calls from which the officers worked the following Part I crimes: 37 aggravated assault cases, 57 cases of auto theft, 1 homicide, 14 rape cases, 49 robbery cases, 521 cases of burglary and 10 cases of arson. In addition, the department assisted other local agencies such as the sheriff's department and the Multi-Agency Crack Enforcement team. Hinesville's police officers arrested 368 juvenile offenders and 3,054 adult offenders during 2011. On the road, the patrol division and the traffic section worked 1,426 accidents, wrote 9,991 citations and gave 4,663 traffic warnings.

The Department continues to engage in an aggressive crime prevention program by conducting Citizens' Police academies, fostering Neighborhood Watch groups, as well as promoting and participating in National Night Out and Safe Kids Day.

Municipal Court

The municipal court represents the City of Hinesville's judicial branch of government and provides a forum for individuals charged with violations of traffic, some state law and/or city ordinances. The City of Hinesville's court is presided over by a judge that is appointed by the Mayor and City Council and remains neutral and impartial to ensure the fair hearing of each case.

The City of Hinesville also has an in house Probation Department which is closely connected with the Municipal Court. The judge will often sentence persons to probation. They are then monitored by probation officers who ensure that they comply with any court ordered counseling and complete any other programs that the judge may order.

Fire

The Hinesville Fire Department is an ISO (Insurance Services Office) Class 3 certified Fire Department. Our firefighters receive extensive training starting at the entry level positions. Training is continuous throughout each member's career and he must meet the department's Progressive Training Agenda requirements that establish training criteria for all positions within the Department. A firefighter that is just starting with the department that has no training would need to obtain approximately 794 hours of training in order to obtain his basic firefighter requirements.

The Hinesville Fire Department is the only full time department in Liberty County and has mutual aid agreements with all 7 county fire departments, Long County Fire Department and Fort Stewart Fire Department. This department responds to an average of 4,005 emergency incidents per year with an average response time within the City Limits of five minutes. Since 1994 the department has grown from five (5) personnel on shift with three (3) administrative staff to 14 personnel on shift with an administrative staff of seven (7).

Our department provides more than just fire protection to our citizens. It provides many other services to include Public Safety Education, inspections, investigations, extrication and First Responders. The department has special operation teams for hazardous material incidents, water rescue missions and provides highly trained firefighters for the Georgia Search and Rescue Team. It is a pro-active department that stresses professionalism and gives a high standard of service to our customers both external and internal.

Examples of some of the Public Safety Education opportunities provided by the department are the Fire Safety House, babysitting classes, CPR/1st Aid classes, station tours, smoke detector program, Juvenile Fire Setter Program, and the Hazard House. Over the past 5 years, this department has made contact with 79,493 people with 5,319 events. The people contacted range from very young children to senior citizens in the community. The Fire Safety House is scheduled for each elementary school in Liberty County to ensure that the children are educated in emergency procedures during a fire in their home and also to recognize fire hazards in their home.

We house the hazardous materials trailer for the 5 county HAZMAT Team. Our department will respond to any hazardous material incidents in Liberty, Long, Bryan, Wayne and McIntosh counties. The equipment was purchased with two grants received from Georgia Emergency Management Agency (GEMA). The City's fire department provides 6 personnel to the regional Georgia Search and Rescue (GSAR) team. Each member is required to have extensive training to include rope rescue, swift water rescue, heavy machinery extrication, structural collapse, confined space and trench rescue. This training takes approximately 11 weeks for each member. The City has a rescue and recovery dive team which has 12

members from the City of Hinesville Fire and Police Departments. These members must be dive certified to be a member of the team.

The Hinesville Fire Department conducted 2,235 inspections from January 1st 2011 through December 31st 2011. The Hinesville Fire Departments Bureau of Prevention is made up of one Fire Marshal and one Deputy Fire Marshal. Both are sworn Local State Fire Marshals, and conduct fire safety inspections on each business located in the city limits of Hinesville, Georgia as well as the City Limits of Flemington, Georgia. Each business is inspected once every six months. If a violation is found, a follow-up inspection is conducted at 30, 15, and 7 day increments until the violation is corrected. A majority of businesses will correct the violation within the first 30 days.

Local Economy

The City of Hinesville continues to be a prosperous municipality. With over 900 registered businesses, the City also issues over 1,300 licenses and permits each year. For fiscal year 2011, the business license office issued 116 new licenses. Hinesville is home to Fort Stewart Military Reservation, one of the largest active military bases in the country and the largest Army installation east of the Mississippi River. Fort Stewart consists of approximately 280,000 acres, includes 5 counties and is adjacent to Hinesville's downtown area. The main gate into Fort Stewart is located within the City of Hinesville. Over 70% of military personnel residing off the installation live in Hinesville. Fort Stewart and the City of Hinesville are inextricably linked both economically and culturally. More than any other factor, Fort Stewart has shaped the economic health and image of Hinesville.

Downtown Revitalization

The City of Hinesville activated a group of individuals to form the Hinesville Downtown Development Authority (HDDA). Its mission is to create a sustainable, revitalized, and vibrant downtown that is an economic hub, while enhancing the quality of life for the community. It is the HDDA's vision to develop the downtown as a unique, vibrant and attractive economic and cultural destination. The Board that serves on this authority consists of seven citizens.

Financial Planning

Consistent with its past practices the City adopted a conservative approach in defining the 2011 budget. By balancing planned expenditures to anticipated revenue streams the City was able to maintain a constant millage rate of 9.50 mills for the 2010 tax digest (or the 2011 budget).

Each year the City performs a review of financial trends and updates its five-year financial plan. This long-range planning accomplishes two important objectives. First, it allows for the early identification of challenges. Secondly, it provides information to elected officials for policy setting. As a result, potential problems are addressed proactively.

Financial Information

The Accounting System:
The City maintains nine funds: General Fund, Special Revenue Funds (Multiple Grant Fund, Hotel/Motel Tax Fund), Capital Project Funds (SPLOST Fund and Public Facilities Fund), and Proprietary Funds (Water & Sewer Fund, Sanitation Fund, Transit Fund and Stormwater Utility Fund). The description of these fund types can be found in the Notes to the Financial Statements.

The accompanying financial statements and statistical tables were prepared in conformance with generally accepted accounting principles (GAAP), and with standards set forth and guidance provided by:

(1) The Governmental Accounting Standards Board (GASB)
(2) The American Institute of Certified Public Accountants and its committee on Governmental Accounting and Auditing.
(3) The Governmental Finance Officers Association of the United States and Canada (GFOA)

Budgetary Controls
The annual budget currently serves as the foundation for the City of Hinesville's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Mayor and Council. An annual operating budget is adopted for the general fund and special revenue funds. An annual operating budget is prepared for enterprise funds for planning, control, cost allocation and evaluation purposes. All annual appropriations lapse at the fiscal year end. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Cash Management
Investments are made in accordance with applicable state laws and the City's investment policy. The focus of the investment policy is to minimize credit and market risks while maintaining a competitive yield on the portfolio. Accordingly, demand deposit bank accounts must be collateralized by a pledge of State of Georgia or United States Treasury or Agency obligations equal to market value to 110% of the uninsured amount of the deposit. All collateral on deposits is to be held by the City, its agent or a financial institution's trust department in the City's name.

Independent Audit
Georgia Code requires an annual audit by independent certified public accountants. The City selected the accounting firm of Clifton, Lipford, Hardison & Parker, LLC to complete the audit of the 2011 fiscal year and the Auditor's unqualified opinion has been included in this report.

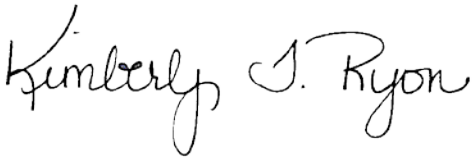
Awards and Acknowledgements:

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the years ended October 31, 2010, 2009, 2008, 2007, 2006 and 2005. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the GFOA's Certificate of Achievement program requirements. The City plans to submit the CAFR to the GFOA to determine its eligibility for another award.

The City also received the GFOA *Popular Annual Financial Reporting Award* for our annual Citizens' Report for the fiscal years ended October 31, 2010, 2009, 2008, 2007 and 2006. This program recognizes those governments that produce high quality popular annual financial reports (PAFR) designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance. This was the City's third Citizens' Report and the third year we have received this prestigious award. This award is valid for a period of only one year. We believe our current PAFR continues to meet the program requirements and we plan to submit it to the GFOA to determine its eligibility for another award.

The preparation of the Comprehensive Annual Financial Report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We express appreciation to all City of Hinesville officials and employees who assisted and contributed to the operations of the City fiscal year 2011 and the preparation of this report.

Respectfully submitted,



Kimberly T. Ryon
Chief Financial Officer

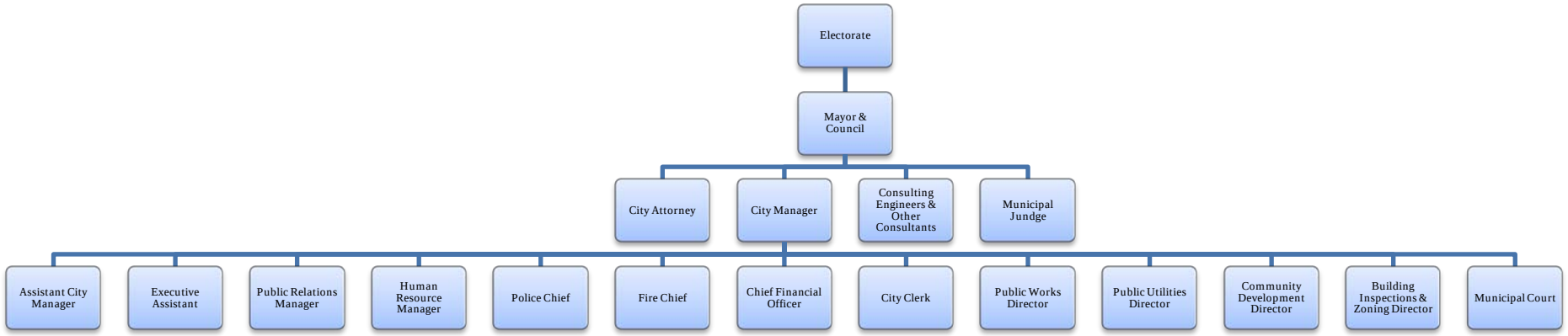
CITY OF HINESVILLE, GEORGIA

PRINCIPAL OFFICIALS

October 31, 2011

Mayor	Mr. James Thomas, Jr.
Mayor Pro Tem	Mr. Charles Frasier
Council Member	Mr. David Anderson, Sr.
Council Member	Mr. Jason Floyd
Council Member	Mr. Keith Jenkins
Council Member	Mr. Kenneth Shaw
City Manager	Mr. Billy Edwards
Assistant City Manager	Mr. Kenneth Howard
City Clerk	Mrs. Sarah Lumpkin
City Attorney	Mr. Linnie L. Darden, III
City Auditor	Clifton, Lipford Hardison & Parker, LLC
Chief Financial Officer	Mrs. Kimberly Ryon
Fire Chief	Chief Lamar Cook
Police Chief	Chief George Stagmeier
Public Works Director	Mr. Gary Gilliard
Public Utilities Director	Mr. Robert Norby
Project Manager	Mr. Gregg Higgins
Director of Inspections	Mr. Steve Welborn

City of Hinesville, Georgia
Organizational Chart
October 31, 2011



HINESVILLE
GEORGIA

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hinesville

Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
October 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davidson

President

Jeffrey R. Esser

Executive Director

FINANCIAL SECTION


HINESVILLE
GEORGIA

CLH&P CLIFTON, LIPFORD, HARDISON & PARKER, LLC

J. Russell Lipford, Jr., CPA
Mark O. Hardison, CPA
Terry I. Parker, CPA
Christopher S. Edwards, CPA
Lynn S. Hudson, CPA
Kevin E. Lipford, CPA

Member of
American Institute of
Certified Public Accountants
Truman W. Clifton (1902-1989)

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the
City Council
City of Hinesville, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hinesville, Georgia as of and for the fiscal year ended October 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Hinesville, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hinesville, Georgia, as of October 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2012, on our consideration of the City of Hinesville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Phone 478-953-0125 ▪ Fax 478-953-0983

The management's discussion and analysis information on pages 3 through 15, the schedule of funding progress on page 63, and the schedule of employer's contribution on page 64 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hinesville, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, the statistical tables, and the schedule of project expenditures with special sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the City of Hinesville, Georgia. The combining and individual nonmajor fund financial statements, the schedule of project expenditures with special sales tax proceeds, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Macon, Georgia
April 16, 2012

MANAGEMENT'S DISCUSSION & ANALYSIS

CITY OF HINESVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Hinesville (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Hinesville, Georgia for the fiscal year ended October 31, 2011. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

- The City had total net assets (assets exceeded liabilities) of $90,497,445 at the close of the fiscal year. The City's total net assets are comprised of the following:

    1) Capital assets, net of related debt in the amount of $81,295,237. This portion of net assets include property and equipment, net of accumulated depreciation, reduced by the amount of outstanding debt related to the purchase or construction of capital assets. Capital assets, net of related debt increased by $25,868,899 or 46.67% in fiscal year 2011. This increase can be attributed to a significant repayment of debt and the construction of a new City Hall. Most of the debt was repaid using funds from the Department of Defense Office of Economic Adjustment grant.

    2) Net assets of $1,342,048 are restricted by constraints imposed from outside the city such as debt covenants, grantors, laws or regulations. This is a $6,447,146 or 82.77% decrease from fiscal year 2010's restricted net assets. In fiscal year 2010, a large portion of net assets was restricted for the purpose of building City Hall. That project was completed during fiscal year 2011.

    3) Unrestricted net assets of $7,860,160 represent the portion that is available to meet the City's ongoing obligations to citizens and creditors. This is a $15,439,871 or 66.25% decrease from fiscal year 2010 unrestricted net assets of $23,300,031. This decrease is largely a result of the City paying off debt using funds from the Department of Defense Office of Economic Adjustment grant received in fiscal year 2010.

- The government's total net assets increased by $3,981,882 or 4.60%.
    - Net assets related to governmental activities increased by $2,242,139.
    - Net assets related to business-type activities increased by $1,739,743.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $3,801,125 a decrease of $9,314,597 in comparison with the prior year. This change is a result of a decrease in fund balance in the general fund of $2.8 million and a decrease in the Public Facilities Fund of $6.5 million. The City budgeted to use (decrease) $2.0 million of fund balance in the General Fund in fiscal year 2011. The rest of the decrease is the result of a slow economy and a deployment year. The Public Facilities Fund decrease is a result of a completing the City Hall project and starting the public works project. Both of these projects were funded with a bond issuance in fiscal year 2010.

- Approximately twelve percent (12%) of the City's governmental funds total fund balance, or $409,060, is available for spending at the government's discretion (*unassigned fund balance*).

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $409,060, or approximately two (2%) of total general fund expenditures for the fiscal year.

- The City's total debt decreased by $18,311,267 in fiscal year 2011.
  - Debt related to governmental activities decreased by $894,805. The detail of that change is:
    - principal payment on Certificates of Participation in the amount of $300,000;
    - the issuance of Build America Bonds in the amount of $594,805;
  - Debt related to business-type activities decreased by a net of $17,416,462. This detail of the change is:
    - the issuance of GEFA debt for the Storm water Utility Fund, of which $1,731,793 was drawn down in fiscal year 2011;
    - principal payments on debt of $19,148,255.

- The City's revenues for fiscal year 2011 total $39,528,130. Of this amount, $25,382,731, or sixty-four percent (64%), was generated from program revenues. The balance of $14,145,399, or thirty-six percent (36%), was generated from general revenues.

- The City's program expenses for fiscal year 2011 total $35,546,250. Of this amount, $20,955,852, or fifty-nine percent (59%), was generated from governmental activities. The balance of $14,590,398, or forty-one percent (41%), was generated from business-type activities.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to City of Hinesville, Georgia's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Hinesville.

Basic Financial Statements

The first two statements (Pages 16 through 18) in the basic financial statements are the *Government-wide Financial Statements*. They provide both short and long-term information about the City's financial status.

The next statements (Pages 19 through 34) are *Fund Financial Statements*. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements and 3) the proprietary fund statements.

The next section of the basic financial statements is the *notes*. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, *supplemental information* is provided to show details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, health, welfare, and culture and recreation. The business-type activities of the City consist of water and sewer services, sanitation services and storm water utility.

The government-wide financial statements are on Pages 16 through 18 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Hinesville uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of City of Hinesville can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*,

which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Hinesville adopts annual budgets for the General Fund and Special Revenue Funds, as required by State Statute. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund and Multiple Grant Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the Statement of Revenues, Expenditures and Changes in Fund Balance. The statement shows four columns: 1) the original budget as adopted by the Council; 2) the final budget as amended by the Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

The basic governmental fund financial statements can be found beginning on page 19 of this report.

Proprietary Funds – City of Hinesville has four proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. City uses enterprise funds to account for its water and sewer services, sanitation services, storm water utility and transit services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, Sanitation Fund, Transit Fund and Storm Water Utility Fund.

The basic proprietary fund financial statements can be found on pages 25 through 34 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 35 through 62 of this report.

Government-Wide Financial Analysis

In order to allow for useful comparative analysis, government-wide financial information is provided for fiscal years ended October 31, 2011 and 2010.

City of Hinesville's Net Assets
October 31, 2011 and 2010

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets:						
Current and other assets	$ 8,037,068	$ 16,307,924	$ 7,501,238	$ 27,743,020	$ 15,538,306	$ 44,050,944
Capital assets, net	53,018,387	42,447,693	51,765,483	48,488,493	104,783,870	90,936,186
Total Assets	61,055,455	58,755,617	59,266,721	76,231,513	120,322,176	134,987,130
Liabilities:						
Long-term liabilities	10,130,772	11,082,610	15,580,832	32,997,589	25,711,604	44,080,199
Other liabilities	2,597,529	1,587,991	1,515,599	2,803,377	4,113,128	4,391,368
Total Liabilities	12,728,301	12,670,601	17,096,431	35,800,966	29,824,732	48,471,567
Net assets:						
Invested in capital assets, net of related debt	45,090,621	39,915,094	36,204,616	15,511,244	81,295,237	55,426,338
Restricted	413,150	6,813,401	928,898	975,793	1,342,048	7,789,194
Unrestricted	2,823,384	(643,479)	5,036,776	23,943,510	7,860,160	23,300,031
Total net assets	$ 48,327,155	$ 46,085,016	$ 42,170,290	$ 40,430,547	$ 90,497,445	$ 86,515,563

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City (governmental and business-type activities in total) assets exceeded liabilities by $90,497,445 and $86,515,563 at October 31, 2011 and 2010, respectively.

The largest portion of the City's net assets (90%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Hinesville's net assets, $1,342,048 or two percent (1.2%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net assets, $7,860,160 or eight percent (9%), are unrestricted net assets and may be used to meet the City's ongoing obligations to citizens and creditors.

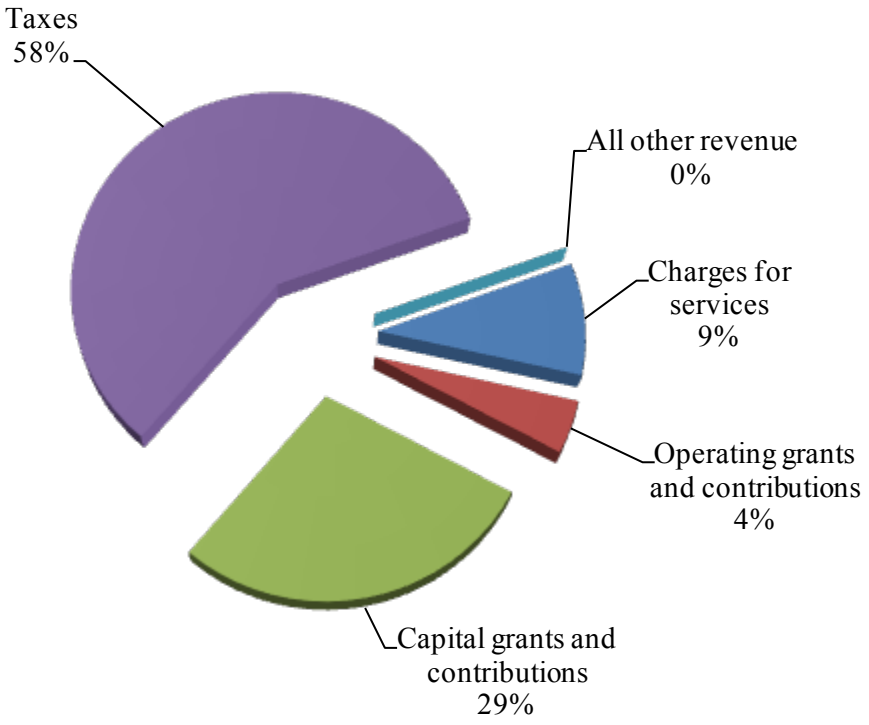
The following table indicates the change in net assets for governmental and business-type activities for fiscal years 2011 and 2010.

City of Hinesville's Changes in Net Asstes

	Governmental Activities		Business-type Activities		Total	
Revenues:	2011	2010	2011	2010	2011	2010
Program revenues:						
Charges for services	$ 2,159,161	$ 2,162,420	$ 10,912,645	$ 10,429,212	$ 13,071,806	$ 12,591,632
Operating grants and contributions	1,022,543	1,648,071	739,949	83,014	1,762,492	1,731,085
Capital grants and contributions	6,728,453	3,800,018	3,819,981	25,725,883	10,548,434	29,525,901
General revenues:						-
Taxes	13,820,148	13,455,909	-	-	13,820,148	13,455,909
Intergovernmental	-	-	145,608	-	145,608	-
Federal/State Grants and other contributions not retricted	22,516	26,739	-	-	22,516	26,739
Other revenue	51,912	137,178	55,708	49,959	107,620	187,137
Gain (loss) on sale of capital assets	6,091	(365,982)	-	-	6,091	(365,982)
Unrestricted Investment earnings	24,800	56,058	18,617	58,686	43,417	114,744
Total revenues	23,835,624	20,920,411	15,692,508	36,346,754	39,528,132	57,267,165
Expenses:						
General government	2,429,215	2,483,187	-	-	2,429,215	2,483,187
Judicial	426,155	415,532	-	-	426,155	415,532
Public safety	11,321,340	10,238,143	-	-	11,321,340	10,238,143
Public works	2,875,882	2,761,761	-	-	2,875,882	2,761,761
Housing and development	1,979,711	3,466,832	-	-	1,979,711	3,466,832
Health and welfare	625,795	574,305	-	-	625,795	574,305
Culture and recreation	889,866	826,155	-	-	889,866	826,155
Interest and fiscal charges	407,888	140,367	-	-	407,888	140,367
Water and sewer	-	-	9,268,587	9,105,367	9,268,587	9,105,367
Sanitation	-	-	2,516,038	2,386,351	2,516,038	2,386,351
Stormwater utility	-	-	1,054,997	939,821	1,054,997	939,821
Transit	-	-	1,750,776	208,507	1,750,776	208,507
Total expenses	20,955,852	20,906,282	14,590,398	12,640,046	35,546,250	33,546,328
Change in net assets before special item and transfers	2,879,772	14,129	1,102,110	23,706,708	3,981,882	23,720,837
Transfers	(637,633)	(79,583)	637,633	79,583	-	-
Change in net assets	2,242,139	(65,454)	1,739,743	23,786,291	3,981,882	23,720,837
Net assets, beginning of year	46,085,016	46,150,470	40,430,547	16,644,256	86,515,563	62,794,726
Net assets, end of year	$ 48,327,155	$ 46,085,016	$ 42,170,290	$ 40,430,547	$ 90,497,445	$ 86,515,563

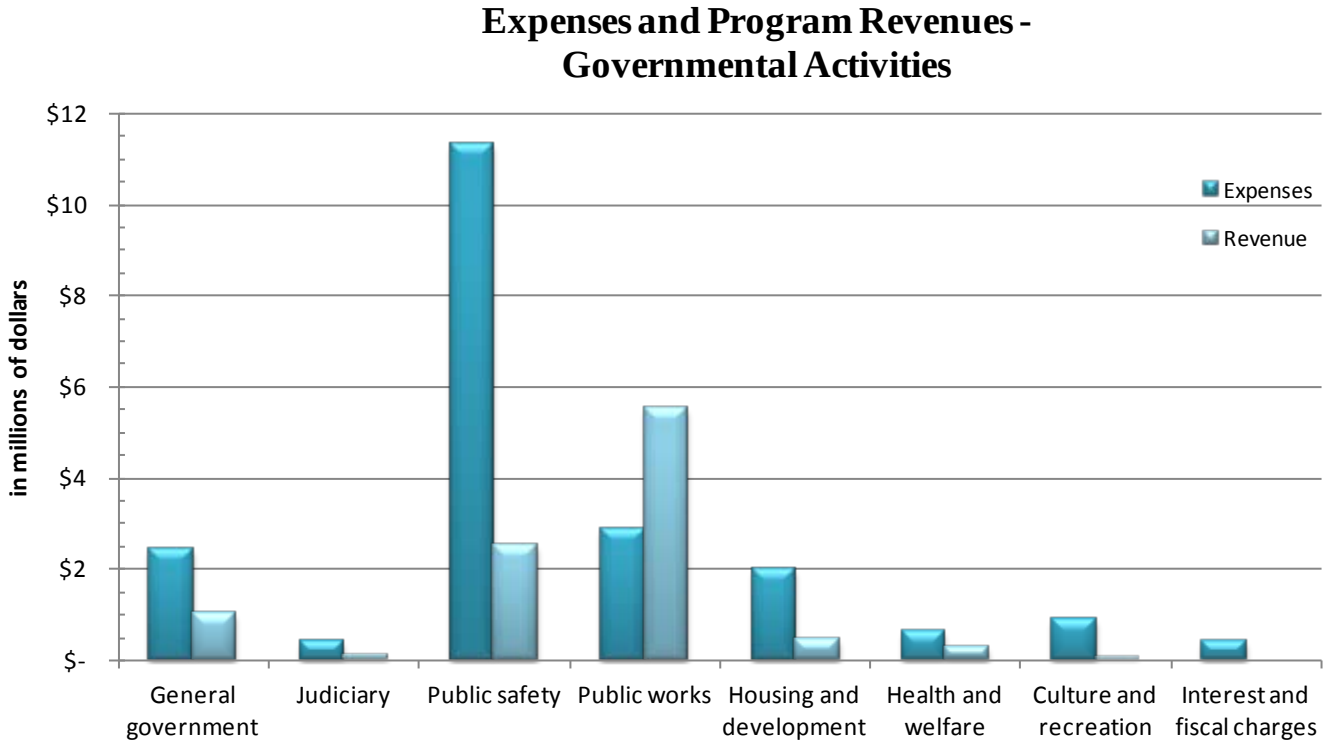
Governmental activities. Governmental activities increased the City's net assets by $2,242,139 and decreased net assets by $65,454 as of October 31, 2011 and 2010, respectively. As illustrated in the chart below, taxes constitute the largest single revenue line item at $13,820,148 or fifty-eight percent (58%) of total revenue in 2011 and $13,455,909 or sixty-two percent (62%) of total revenue in 2010. Capital grants and contributions is the second largest revenue source at $6,728,453 or twenty-eight percent (28%) of total revenue in 2011 and $3,800,018 or eighteen percent (18%) of total revenue in 2010. Charges for services represents nine percent (9%) or $2,159,161 and ten percent (10%) or $2,162,420 in fiscal years 2011 and 2010, respectively.

Revenues by Source - Governmental Activities



The government-wide reporting model provides users with an understanding of how governmental functions are supported. The Statement of Activities identifies specific program revenue that is generated to offset each function's expenditures. A function that does not cover its own cost must be supported by general revenues such as property tax, sales tax, franchise tax and other taxes.

The table below illustrates the expenses and corresponding program revenues by function in governmental activities.



Business-type activities: Business-type activities increased the City of Hinesville's net assets by $1,739,743 and $23,786,291 as of October 31, 2011 and 2010, respectively. The increase in 2010 can be attributed to a Department of Defense Office of Economic Adjustment grant in the amount of $24,379,002. This was a Brigade basing Remediation-Support for Public Entities grant and was awarded to mitigate adverse consequences experienced by public entities as a result of the a decision reversing the location of the 5th Brigade to Ft. Stewart, Georgia.

As expected in business-type activities, charges for services constitute a major portion of revenue at $10,912,645 or seventy percent (70%) and capital grants and contributions are the second largest revenue source constituting $3,819,981 or twenty-four percent (24%) of total revenue in 2011. Due to the grant described above, capital grants and contributions constitute the major portion of revenue in 2010 at $25,725,883 or seventy percent (70%) with charges for services representing twenty-nine percent (29%) or $10,429,212.

Financial Analysis of the City's Funds

As noted earlier, the City of Hinesville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Hinesville's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Hinesville's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Hinesville. At the end of the current fiscal year, unassigned fund balance of the General Fund was $409,060, while fund balance totaled $3,238,723. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents two percent (2%) of total General Fund expenditures, while total fund balance represents eighteen percent (18%) of that same amount.

At October 31, 2011, the governmental funds of City of Hinesville reported a combined fund balance of $3,801,125. This is a decrease of $9,314,597 from October 31, 2010. This change is a result of a decrease in fund balance in the general fund of $2.8 million and in the Public Facilities Fund of $6.5 million. The City budgeted to use (decrease) approximately $2.0 million of fund balance in the General Fund in fiscal year 2011. The remaining decrease in the general fund can be largely attributed to a slow economy and the deployment of troops stationed at Fort Stewart, Ga. The decrease in fund balance in the Public Facilities Fund is a result of the completion of city hall and the ongoing construction of public works facilities in 2011. Bonds were issued May 2010 for the construction of these projects.

General Fund Budgetary Highlights: During the fiscal year, the City revised the budget once. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

At October 31, 2011, total actual revenues were less than total final budgeted revenues in the General Fund by $1,282,319. The table below shows the variance by revenue type:

General Fund Revenue Budget to Actual Comparison
(in millions of dollars)

	FY 2011 Budget	FY 2011 Actual	Variance - Positive/ (Negative)
Property taxes	$ 5.57	$ 5.66	$ 0.09
Sales taxes	4.56	4.35	(0.21)
Franchise taxes	1.59	1.56	(0.03)
Insurance premium taxes	1.76	1.57	(0.19)
Other taxes	0.44	0.43	(0.01)
Licenses and permits	0.56	0.52	(0.04)
Charges for services	1.06	0.69	(0.37)
Intergovernmental	0.50	0.40	(0.10)
Fines, forfeitures, and fees	1.14	0.82	(0.32)
Interest revenues	0.11	0.01	(0.10)
Other revenues	0.18	0.18	-
Total revenues	$ 17.47	$ 16.19	$ (1.28)

The budgeted revenue shortfall can be attributed to charges for services revenue (with a $372,781 shortfall) and fines, forfeitures and fees (with a $323,087 shortfall), sales tax revenue (with a $210,236 shortfall) and insurance premium tax revenue (with a $190,424 shortfall). The majority of the charges for services revenue shortfall is related to a fire service agreement with two entities that did not get implemented as planned. The decline in sales tax revenue from original projections can be largely attributed to a decrease in local spending due to the down economy and continued deployment of our troops at Fort Stewart.

Total actual expenditures were less than total budgeted expenditures in the General Fund by $388,211 at October 31, 2011.

General Fund Expenditures Budget to Actual Comparison
(in millions of dollars)

	FY 2011 Budget	FY 2011 Actual	Variance - Positive/ (Negative)
General government	$ 2.21	$ 2.22	$ (0.01)
Judicial	0.44	0.42	0.02
Public safety	11.06	10.67	0.39
Public works	1.78	1.95	(0.17)
Health and welfare	0.46	0.43	0.03
Culture and recreation	0.52	0.53	(0.01)
Housing and development	1.21	1.10	0.11
Debt service	0.46	0.46	-
Intergovernmental	0.73	0.70	0.03
Total expenditures	$ 18.87	$ 18.48	$ 0.39

In fiscal year 2011, there were no significant variances in budget to actual expenditures. The City's budgeted expenditures for 2011 increased approximately 2% from those of fiscal year 2010.

Proprietary Funds. The City of Hinesville's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets at the end of the fiscal year amounted to $6,300,567 in the water and sewer fund, ($9,879) in the sanitation fund, $0 in the transit fund and ($1,253,912) in the storm water utility fund. Other factors concerning the finances of these funds have been addressed in the discussion of the City of Hinesville's business-type activities.

Capital Asset and Debt Administration

Capital assets. The City of Hinesville's investment in capital assets for its governmental and business–type activities total $104,783,869 and $90,936,186 (net of accumulated depreciation) as of October 31, 2011 and 2010, respectively. These assets include buildings, infrastructure, land, heavy equipment, equipment, and office furniture. The table below shows the investment in each property type for the City's Governmental and Business-type activities.

City of Hinesville's Capital Assets (net of depreciation)
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	$ 1.83	$ 1.83	$ 0.02	$ 0.02	$ 1.85	$ 1.85
Construction in progress	4.34	5.44	3.09	1.83	7.43	7.27
Buildings & improvements	10.79	3.20	-	-	10.79	3.20
Utility plant in service	-	-	45.43	44.05	45.43	44.05
Vehicles	1.39	0.83	-	-	1.39	0.83
Heavy equipment	0.03	0.04	-	-	0.03	0.04
Equipment	0.17	0.20	2.14	2.59	2.31	2.79
Office equipment	0.04	0.06	-	-	0.04	0.06
Infrastructure	34.43	30.85	1.08	-	35.51	30.85
Total	**$ 53.02**	**$ 42.45**	**$ 51.76**	**$ 48.49**	**$ 104.78**	**$ 90.94**

The most significant changes in the Governmental Activities relates to the completion of infrastructure projects and the construction of city hall. The most significant changes in the Business-type Activities relates to the completion of storm water drainage sales (infrastructure) projects.

Additional information on the City's capital assets can be found in note 5 of the Basic Financial Statements.

Long-term Debt. As of October 31, 2011 the City of Hinesville had total debt outstanding of $24,707,251. Of this, $22,162,251 is debt backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

In fiscal year 2010, the City of Hinesville was awarded a Brigade basing Remediation Support for Public Entities grant from the Department of Defense (DoD) Office of Economic Adjustment (OEA) in the amount of $24,379,002. This award was remediation for cost the city incurred for water and sewer infrastructure that was built to support the additional troops and families of the 5th Brigade. A large part of this infrastructure was paid for with Georgia Environmental Facilities Authority (GEFA) debt. In the beginning of fiscal year 2011, the City paid the following debt obligations with these funds:

- On November 8, 2010, the City paid in full the GEFA loan that was still in construction status for the water reclamation facility. The total payment was $16,183,742, of which $14,595,324 was principal and $1,588,418 was interest.
- On December 6, 2010, the City paid in full the obligation to Horsecreek Partners for water and sewer infrastructure in the amount of $2,660,979.
- On December 7, 2010, the City made a payment to reduce the principal of the remaining GEFA loan for the water reclamation facility in the amount of $500,913.

Additional information regarding the City of Hinesville's long-term debt can be found in notes 7 and 8 of the basic financial statements.

Economic Conditions Affecting the City

There are many economic factors that were considered when the City of Hinesville established its budget for fiscal year ended October 31, 2011. It is the City's practice to take a conservative approach when budgeting for estimated revenues. However, we realize we must be diligent in monitoring external factors that impact these estimates.

Activities at Fort Stewart have a significant financial impact on the City of Hinesville. City officials are in continuous communication with Fort Stewart officials. The City works hard to be prepared to take necessary steps to minimize any negative economic impact.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City of Hinesville's finances, comply with finance related laws and regulations, and demonstrate the City's commitment to public accountability. Questions concerning any of the information found in this report or requests for additional information should be directed to the Chief Financial Officer, City of Hinesville, 115 East M.L. King, Jr. Drive, Hinesville, GA 31313 or (912) 876-3564.

BASIC FINANCIAL STATEMENTS


HINESVILLE
GEORGIA

GOVERNMENT-WIDE FINANCIAL STATEMENTS


HINESVILLE
GEORGIA

CITY OF HINESVILLE, GEORGIA

STATEMENT OF NET ASSETS
OCTOBER 31, 2011

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Downtown Development Authority
ASSETS				
Cash and cash equivalents	$ 2,884,490	$ 920,582	$ 3,805,072	$ 193,899
Receivables, net	1,648,359	1,768,262	3,416,621	22,611
Notes receivable, net	348,196	-	348,196	-
Internal balances	(2,810,977)	2,810,977	-	-
Due from component unit	706,485	-	706,485	-
Due from other governments	3,199,745	536,458	3,736,203	-
Due from primary government	-	-	-	10,940
Prepaid items	119,806	27,365	147,171	-
Restricted assets:				
Cash and cash equivalents	1,230,256	1,108,196	2,338,452	119,434
Investments	501,388	102,053	603,441	-
Assets held for resale	-	-	-	797,446
Deferred charges	209,320	227,345	436,665	-
Capital assets:				
Nondepreciable	6,176,927	3,113,222	9,290,149	-
Depreciable, net of accumulated	46,841,460	48,652,261	95,493,721	41,920
Total assets	61,055,456	59,266,721	120,322,176	1,186,250
LIABILITIES				
Accounts payable	1,899,051	936,636	2,835,687	33,706
Retainage payable	203,169	-	203,169	-
Accrued payroll	380,094	14,425	394,519	-
Accrued interest payable	-	6,732	6,732	-
Due to component unit	10,940	-	10,940	-
Due to primary government	-	-	-	706,485
Unearned revenue	65,135	-	65,135	-
Payable from restricted assets:				
Customer deposits	-	512,501	512,501	-
Accrued interest	33,228	45,305	78,533	-
Other liabilities	5,912	-	5,912	-
Long-term liabilities:				
Due within one year				
Notes and loans payable	1,044,805	1,371,402	2,416,207	5,093
Capital lease payable	-	39,334	39,334	-
Compensated absenses	984,388	19,965	1,004,353	-
Due in more than one year				
Notes and loans payable	8,101,579	14,150,131	22,251,710	34,824
Total liabilities	12,728,301	17,096,431	29,824,732	780,108
NET ASSETS				
Invested in capital assets, net of related debt	45,090,621	36,204,616	81,295,237	2,003
Restricted for:				
Revenue bond retirement	-	928,898	928,898	-
Public Safety	66,370	-	66,370	-
Capital projects	346,780	-	346,780	-
Unrestricted	2,823,384	5,036,776	7,860,160	404,139
Total net assets	$ 48,327,155	$ 42,170,290	$ 90,497,445	$ 406,142

CITY OF HINESVILLE, GEORGIA

STATEMENT OF ACTIVITIES
YEAR ENDED OCTOBER 31, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 2,429,215	$ 789,678	$ 232,766	$ -
Judiciary	426,155	98,349	-	-
Public safety	11,321,340	994,721	234,384	1,277,865
Public works	2,875,882	66,002	-	5,450,588
Housing and development	1,979,711	210,411	247,156	-
Health and welfare	625,795	-	283,158	-
Culture and recreation	889,866	-	25,079	-
Interest and fiscal charges	407,888	-	-	-
Total governmental activities	20,955,852	2,159,161	1,022,543	6,728,453
Business-type activities:				
Water and sewer	9,268,587	7,485,875	-	3,536,280
Sanitation	2,516,038	2,479,841	-	-
Stormwater utility	1,054,997	924,689	-	-
Transit	1,750,776	22,240	739,949	283,701
Total business-type activities	14,590,398	10,912,645	739,949	3,819,981
Total primary government	$ 35,546,250	$ 13,071,805	$ 1,762,492	$ 10,548,434
Component unit:				
Downtown Development Authority	$ 446,115	$ 17,901	$ 416,365	$ -
Total component unit	$ 446,115	$ 17,901	$ 416,365	$ -

General revenues:	
Property taxes	
Sales taxes	
Franchise taxes	
Insurance premium taxes	
Alcoholic beverage taxes	
Hotel/motel taxes	
Occupational taxes	
License and permits	
Intergovernmental	
Federal and state grants and other contributions not restricted to specific functions	
Other revenues	
Gain on sale of capital assets	
Investment earnings	
Transfers	
Total general revenues and transfers	
Change in net assets	
Net assets - November 1	
Net assets - October 31	

Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business-type Activities	Total	Component Unit Downtown Development Authority
$ (1,406,771)	$ -	$ (1,406,771)	
(327,806)	-	(327,806)	
(8,814,370)	-	(8,814,370)	
2,640,708	-	2,640,708	
(1,522,145)	-	(1,522,145)	
(342,637)	-	(342,637)	
(864,787)	-	(864,787)	
(407,888)	-	(407,888)	
(11,045,696)	-	(11,045,696)	
-	1,753,568	1,753,568	
-	(36,197)	(36,197)	
-	(130,308)	(130,308)	
-	(704,886)	(704,886)	
-	882,177	882,177	
(11,045,696)	882,177	(10,163,519)	
			(11,849)
			$ (11,849)
5,655,085	-	5,655,085	-
4,347,383	-	4,347,383	-
1,598,329	-	1,598,329	-
1,568,336	-	1,568,336	-
368,943	-	368,943	-
223,179	-	223,179	-
58,893	-	58,893	-
-	-	-	-
-	145,608	145,608	-
22,516	-	22,516	-
51,912	55,708	107,620	192,796
6,091	-	6,091	-
24,800	18,617	43,417	-
(637,633)	637,633	-	-
13,287,834	857,566	14,145,400	192,796
2,242,139	1,739,743	3,981,882	180,947
46,085,016	40,430,547	86,515,563	225,195
$ 48,327,155	$ 42,170,290	$ 90,497,445	$ 406,142


HINESVILLE
GEORGIA

FUND FINANCIAL STATEMENTS

CITY OF HINESVILLE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
OCTOBER 31, 2011

	General	Public Facilities Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 2,715,621	$ -	$ -	$ 168,869	$ 2,884,490
Receivables, net	1,620,750	-	-	27,608	1,648,358
Notes receivable, net	-	-	-	348,196	348,196
Due from other governments	525,045	-	1,690,386	984,314	3,199,745
Due from other funds	3,787,306	-	-	-	3,787,306
Due from component unit	706,485	-	-	-	706,485
Prepaid items	119,806	-	-	-	119,806
Restricted assets:					
Cash and cash equivalents	11,638	1,218,618	-	-	1,230,256
Investments	501,388	-	-	-	501,388
Total assets	$ 9,988,039	$ 1,218,618	$ 1,690,386	$ 1,528,987	$ 14,426,030
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 489,753	$ 487,455	$ 55,996	$ 865,847	$ 1,899,051
Retainage payable	-	203,169	-	-	203,169
Accrued payroll & payroll taxes	380,094	-	-	-	380,094
Due to component unit	-	-	-	10,940	10,940
Due to other funds	4,411,236	271,473	1,544,131	371,443	6,598,283
Deferred revenue	1,462,322	-	-	65,135	1,527,457
Other liabilities	5,912	-	-	-	5,912
Total liabilities	6,749,317	962,097	1,600,127	1,313,365	10,624,906
Fund balances					
Nonspendable	119,806	-	-	-	119,806
Restricted	66,370	256,521	90,259	-	413,150
Assigned	2,643,487	-	-	215,622	2,859,109
Unassigned	409,060	-	-	-	409,060
Total fund balances	3,238,723	256,521	90,259	215,622	3,801,125
Total liabilities and fund balances	$ 9,988,039	$ 1,218,618	$ 1,690,386	$ 1,528,987	$ 14,426,030

CITY OF HINESVILLE, GEORGIA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS YEAR ENDED OCTOBER 31, 2011

Total fund balances - total governmental funds		$ 3,801,125
Amounts reported for governmental activities in the Statement of Net Assets differ from amounts reported in the Balance Sheet of Governmental funds because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Nondepreciable capital assets	6,176,927	
Depreciable capital assets	70,523,384	
Accumulated depreciation	(23,681,924)	
Total capital assets net of depreciation		53,018,387
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Property taxes	322,704	
Franchise taxes	1,100,888	
Business license fees	38,731	
Total deferred revenue		1,462,323
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net assets.		
Notes payable	(235,000)	
Bonds payable	(8,915,000)	
Bond discount	3,616	
Compensated absences	(984,388)	
Bond issuance costs	209,320	
Accrued interest	(33,228)	
Total long-term liabilities		(9,954,680)
Total net assets of governmental activities		$ 48,327,155

CITY OF HINESVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED OCTOBER 31, 2011

	General	Public Facilities Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	$ 5,665,529	$ -	$ -	$ -	$ 5,665,529
Sales taxes	4,347,383	-	-	-	4,347,383
Franchise taxes	1,561,577	-	-	-	1,561,577
Insurance premium taxes	1,568,336	-	-	-	1,568,336
Other taxes	427,836	-	-	223,179	651,015
Licenses and permits	516,812	-	-	-	516,812
Charges for services	687,160	-	-	-	687,160
Intergovernmental	397,798	-	2,358,962	1,912,923	4,669,683
Fines, forfeitures, and fees	825,363	-	-	-	825,363
Interest revenues	10,709	705	-	13,386	24,800
Other revenues	180,761	-	-	-	180,761
Total revenues	16,189,264	705	2,358,962	2,149,488	20,698,419
Expenditures					
Current:					
General government	2,215,452	-	-	89,610	2,305,062
Judicial	422,570	-	-	-	422,570
Public safety	10,667,872	-	-	9,970	10,677,842
Public works	1,950,677	-	-	-	1,950,677
Housing and development	1,101,306	-	-	416,798	1,518,104
Health and welfare	434,768	-	-	192,497	627,265
Culture and recreation	528,547	-	-	-	528,547
Capital outlay	-	6,467,527	1,590,854	-	8,058,381
Debt service:					
Principal	300,000	-	595,000	-	895,000
Interest and fiscal charges	163,113	-	250,563	-	413,676
Intergovernmental	698,724	-	-	1,285,626	1,984,350
Total expenditures	18,483,029	6,467,527	2,436,417	1,994,501	29,381,474
Excess (deficiency) of revenues over (under) expenditures	(2,293,765)	(6,466,822)	(77,455)	154,987	(8,683,055)
Other financing sources (uses)					
Transfers In	244,308	-	77,654	87,190	409,152
Transfers Out	(802,477)	-	-	(244,308)	(1,046,785)
Sale of capital assets	6,091	-	-	-	6,091
Total other financing sources (uses)	(552,078)	-	77,654	(157,118)	(631,542)
Net change in fund balances	(2,845,843)	(6,466,822)	199	(2,131)	(9,314,597)
Fund balance - November 1	6,084,566	6,723,343	90,060	217,753	13,115,722
Fund balance - October 31	$ 3,238,723	$ 256,521	$ 90,259	$ 215,622	$ 3,801,125

CITY OF HINESVILLE, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED OCTOBER 31, 2011

Net change in fund balances - total governmental funds		$ (9,314,597)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital assets reported as capital outlay in governmental funds	8,982,429	
Depreciation expense reported in the statement of activities	(1,503,361)	
This is the amount by which capital outlay exceed depreciation in the current period.		7,479,068
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net assets.		3,091,626
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.		
Deferred revenue		39,485
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		889,524
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in compensated absences		57,033
Change in net assets of governmental activities		$ 2,242,139

CITY OF HINESVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED OCTOBER 31, 2011

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Revenues				
Property taxes	$ 5,575,341	$ 5,575,341	$ 5,665,529	$ 90,188
Sales taxes	4,557,619	4,557,619	4,347,383	(210,236)
Franchise taxes	1,589,899	1,589,899	1,561,577	(28,322)
Insurance premium taxes	1,758,760	1,758,760	1,568,336	(190,424)
Other taxes	440,121	440,121	427,836	(12,285)
Licenses and permits	557,826	557,826	516,812	(41,014)
Charges for services	1,059,940	1,059,940	687,160	(372,781)
Intergovernmental	360,852	495,770	397,798	(97,972)
Fines, forfeitures, and fees	1,148,450	1,148,450	825,363	(323,087)
Interest revenues	110,005	110,005	10,709	(99,296)
Other revenues	177,852	177,852	180,761	2,909
Total revenues	17,336,665	17,471,583	16,189,264	(1,282,319)
Expenditures				
Current:				
General government				
Administration	2,155,157	2,208,192	2,215,452	(7,260)
Judicial				
Municipal Court	440,504	440,504	422,570	17,934
Public safety				
Police	6,829,699	6,848,754	6,792,008	56,746
Fire	4,206,203	4,210,643	3,875,864	334,779
Total public safety	11,035,902	11,059,397	10,667,872	391,525
Public works				
Public works administration	197,786	197,786	198,494	(708)
Highways and streets	1,023,471	1,183,321	1,350,281	(166,960)
Vehicle maintenance	397,682	397,682	401,902	(4,220)
Total public works	1,618,939	1,778,789	1,950,677	(171,888)
Health and welfare				
Community development	455,516	459,951	434,768	25,183
Total health and welfare	455,516	459,951	434,768	25,183
Culture and recreation				
Team Hinesville	66,520	66,520	66,379	141
Parks and grounds	456,407	456,407	462,168	(5,761)
Total culture and recreation	522,927	522,927	528,547	(5,620)

(Continued)

CITY OF HINESVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED OCTOBER 31, 2011

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Housing and development				
Inspections	852,340	853,940	823,839	30,101
Downtown Development Authority	274,249	274,394	166,720	107,674
Economic development	83,065	83,065	110,747	(27,682)
Total housing and development	1,209,654	1,211,399	1,101,306	110,093
Debt service				
Principal	300,000	300,000	300,000	-
Interest and fiscal charges	27,195	162,113	163,113	(1,000)
Total debt service	327,195	462,113	463,113	(1,000)
Intergovernmental				
Live Oak Public Libraries	336,000	336,000	336,000	-
Liberty Consolidated Planning Commission	391,968	391,968	362,724	29,244
Total Intergovernmental	727,968	727,968	698,724	29,244
Total expenditures	18,493,762	18,871,240	18,483,029	388,211
Excess (deficiency) of revenues over (under) expenditures	(1,157,097)	(1,399,657)	(2,293,765)	(894,108)
Other financing sources (uses)				
Transfers In	246,023	246,023	244,308	(1,715)
Transfers Out	(527,525)	(852,835)	(802,477)	50,358
Sale of capital assets	5,000	5,000	6,091	1,091
Total other financing sources (uses)	(276,502)	(601,812)	(552,078)	49,734
Net change in fund balances	(1,433,599)	(2,001,469)	(2,845,843)	(844,374)
Fund balance - November 1	1,433,599	2,001,469	6,084,566	4,083,097
Fund balance - October 31	$ -	$ -	$ 3,238,723	$ 3,238,723

CITY OF HINESVILLE, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
OCTOBER 31, 2011

	Water and Sewer Fund	Sanitation Fund	Stormwater Utility Fund
ASSETS			
Current assets			
Cash and cash equivalents	$ 896,071	$ -	$ -
Receivables, net	1,768,262	-	-
Due from other governments	-	-	-
Due from other funds	4,411,236	88,952	-
Prepaid items	27,365	-	-
Restricted assets:			
Cash and cash equivalents	733,316	-	374,880
Investments	102,053	-	-
Total current assets	7,938,303	88,952	374,880
Noncurrent assets			
Deferred charges	227,345	-	-
Capital assets, nondepreciable	535,994	-	2,492,471
Capital assets, net of accumulated depreciation	45,921,893	362,310	1,440,423
Total noncurrent assets	46,685,232	362,310	3,932,894
Total assets	54,623,535	451,262	4,307,774
LIABILITIES			
Current liabilities			
Accounts payable	255,035	98,831	476,882
Accrued expenses	14,425	-	-
Accrued interest payable	-	-	6,732
Due to other funds	88,952	-	1,145,178
Payable from restricted assets:			
Customer deposits	512,501	-	-
Accrued interest	45,305	-	-
Current portion of notes payable	566,402	-	-
Current portion of revenue bonds payable	805,000	-	-
Current portion of capital lease payable	-	39,334	-
Compensated absences	19,965	-	-
Total current liabilities	2,307,585	138,165	1,628,792
Noncurrent liabilities			
Notes payable, long-term portion	9,862,175	-	2,547,956
Bonds payable, long term portion	1,740,000	-	-
Total noncurrent liabilities	11,602,175	-	2,547,956
Total liabilities	13,909,760	138,165	4,176,748
NET ASSETS			
Invested in capital assets, net of related debt	33,484,310	322,976	1,384,938
Restricted for:			
Revenue bond retirement	928,898	-	-
Unrestricted	6,300,567	(9,879)	(1,253,912)
Total net assets	$ 40,713,775	$ 313,097	$ 131,026

Non-major Transit Fund	Total Business Type Activities
$ 24,511	$ 920,582
-	1,768,262
536,458	536,458
-	4,500,188
-	27,365
-	1,108,196
-	102,053
560,969	8,963,104
-	227,345
84,756	3,113,221
927,636	48,652,262
1,012,392	51,992,828
1,573,361	60,955,932
105,888	936,636
-	14,425
-	6,732
455,081	1,689,211
-	512,501
-	45,305
-	566,402
-	805,000
-	39,334
-	19,965
560,969	4,635,511
-	12,410,131
-	1,740,000
-	14,150,131
560,969	18,785,642
1,012,392	36,204,616
-	928,898
-	5,036,776
$ 1,012,392	$ 42,170,290

CITY OF HINESVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2011

	Water and Sewer Fund	Sanitation Fund	Stormwater Utility Fund
Operating revenues			
Water fees	$ 3,113,781	$ -	$ -
Sewer fees	2,788,289	-	-
Fort Stewart sewer fees	675,835	-	-
Water and sewer impact fees	506,586	-	-
Sanitation fees	-	2,479,841	-
Stormwater utility fees	-	-	903,374
Transit fees	-	-	-
Intergovernmental	-	-	145,608
Other revenues	457,090	-	21,315
Total operating revenues	7,541,581	2,479,841	1,070,297
Operating expenses			
Salaries	296,888	-	-
Employee benefits	70,321	-	-
Vehicle operating expenses	120,991	270,069	121,597
Office supplies and postage	85,080	42	42
General insurance	78,668	-	-
Professional fees	259,814	-	23,836
Computer services	32,783	66	166
Equipment rental and repairs	9,282	585	16,315
Schools and training	2,246	-	-
Operating supplies	515,602	38,393	168
Utilities	893,314	19,287	18,249
Operations, wastewater treatment plant:			
City of Hinesville	530,337	-	-
Operations contracted services	1,913,224	1,498,365	678,502
Repairs and materials	1,032,425	94	5,149
Depreciation	2,318,190	143,678	108,356
Administrative fees	352,690	-	-
Drinking water program	11,100	-	-
Miscellaneous	19,920	-	-
Disposal	-	493,275	-
Grinding Services	-	49,934	-
Marketing	-	-	-
Total operating expenses	8,542,875	2,513,788	972,380
Operating income (loss)	(1,001,294)	(33,947)	97,917

(Continued)

Non-major Transit Fund	Total Business Type Activities
$ -	$ 3,113,781
-	2,788,289
-	675,835
-	506,586
-	2,479,841
-	903,374
22,240	22,240
1,023,650	1,169,258
-	478,405
1,045,890	12,137,609
8,570	305,458
2,478	72,799
139,986	652,643
-	85,164
-	78,668
2,004	285,654
-	33,015
-	26,182
-	2,246
49,838	604,001
-	930,850
-	530,337
1,309,950	5,400,041
-	1,037,668
217,516	2,787,740
1,105	353,795
-	11,100
-	19,920
-	493,275
-	49,934
19,329	19,329
1,750,776	13,779,819
(704,886)	(1,642,210)

CITY OF HINESVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2011

	Water and Sewer Fund	Sanitation Fund	Stormwater Utility Fund
Nonoperating revenues (expenses)			
Investment income	17,490	-	1,125
Interest and fiscal charges	(725,712)	(2,250)	(82,617)
Total nonoperating revenue (expense)	(708,222)	(2,250)	(81,492)
Income (loss) before transfers and contributions	$ (1,709,516)	$ (36,197)	$ 16,425
Transfers in	-	-	-
Transfers out	-	-	(77,654)
Capital contributions	3,536,280	-	-
Total transfers and contributions	3,536,280	-	(77,654)
Change in net assets	1,826,764	(36,197)	(61,229)
Total net assets - November 1	38,887,011	349,294	192,255
Total net assets - October 31	$ 40,713,775	$ 313,097	$ 131,026

Non-major Transit Fund	Total Business Type Activities
2	18,617
-	(810,579)
2	(791,962)
$ (704,884)	$ (2,434,172)
715,287	715,287
-	(77,654)
-	3,536,280
715,287	4,173,913
10,403	1,739,741
1,001,989	40,430,549
$ 1,012,392	$ 42,170,290

CITY OF HINESVILLE, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2011

	Water and Sewer Fund	Sanitation Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	$ 7,423,051	$ 2,479,841
Cash paid to suppliers for goods and services	(5,551,925)	(2,313,990)
Cash paid to employees for services	(367,505)	-
Net cash provided (used) by operating activities	1,503,621	165,851
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Due from other funds	(1,502,646)	(88,952)
Due to other funds	(4,526,237)	(36,766)
Transfer from other funds	-	-
Net cash provided (used) by noncapital financing activities	(6,028,883)	(125,718)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Proceeds from long-term borrowings	-	-
Proceeds from non-operating capital grants	24,379,002	-
Principal payments on long-term borrowings	(18,994,412)	(37,883)
Interest payments on long-term borrowings	(2,324,331)	(2,250)
Capital and related financing activities - inflows	3,536,280	-
Purchase of capital assets	(23,225)	-
Acquistion and construction of capital assets	(3,536,281)	-
Capital and related financing activities - outflows	-	-
Net cash provided (used) by capital and related financing activities	3,037,033	(40,133)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investments	24,157	-
Interest on investments	17,490	-
Net cash provided (used) by investing activities	41,647	-
Net increase (decrease) in cash and cash equivalents	(1,446,582)	-
Cash and cash equivalents/investments, November 1	3,075,969	-
Cash and cash equivalents/investments, October 31	$ 1,629,387	$ -
CLASSIFIED AS:		
Cash and cash equivalents	$ 896,071	$ -
Restricted assets:		
Cash and cash equivalents	733,316	-
Cash and cash equivalents, October 31	$ 1,629,387	$ -

(Continued)

Stormwater Utility Fund	Non-major Transit Fund	Total Business Type Activities
$ 1,070,297	$ 749,277	$ 11,722,466
(692,314)	(1,663,257)	(10,221,486)
-	(11,048)	(378,553)
377,983	(925,028)	1,122,427
8,219	5,287	(1,578,092)
431,458	455,081	(3,676,464)
-	715,287	715,287
439,677	1,175,655	(4,539,269)
1,731,794	-	1,731,794
-	-	24,379,002
-	-	(19,032,295)
(75,885)	-	(2,402,466)
-	(229,513)	3,306,767
-	-	(23,225)
(2,050,915)	-	(5,587,196)
(77,654)	-	(77,654)
(472,660)	(229,513)	2,294,727
-	-	24,157
1,125	2	18,617
1,125	2	42,774
346,125	21,116	(1,079,341)
28,755	3,395	3,108,119
$ 374,880	$ 24,511	$ 2,028,778
$ -	$ 24,511	$ 920,582
374,880	-	1,108,196
$ 374,880	$ 24,511	$ 2,028,778

CITY OF HINESVILLE, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2011

	Water and Sewer Fund	Sanitation Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	$ (1,001,294)	$ (33,947)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,318,190	143,678
Change in assets and liabilities		
(Increase) decrease in accounts receivable	(158,516)	-
(Increase) decrease in due from other governments	-	-
(Increase) decrease in prepaid expenses	320	-
Increase (decrease) in accounts payable	(48,519)	56,120
Increase (decrease) in customer depostis payable	39,986	-
Increase (decrease) in accrued expenses	1,060	-
Increase (decrease) in compensated absences	(296)	-
Increase (decrease) in due to other funds	352,690	-
Total adjustments	2,504,915	199,798
Net cash provided by (used in) operating activities	$ 1,503,621	$ 165,851

Stormwater Utility Fund	Non-major Transit Fund	Total Business Type Activities
$ 97,917	$ (704,886)	$ (1,642,210)
108,356	217,516	2,787,740
-	-	(158,516)
-	(296,613)	(296,613)
-	-	320
171,710	(141,045)	38,266
-	-	39,986
-	-	1,060
-	-	(296)
-	-	352,690
280,066	(220,142)	2,764,637
$ 377,983	$ (925,028)	$ 1,122,427


HINESVILLE
GEORGIA

NOTES TO THE FINANCIAL STATEMENTS


HINESVILLE
GEORGIA

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Hinesville, Georgia (the City) was organized in 1837. The City operates under a charter which provides for a mayor-council form of Government with a City Administrator. The city provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, planning and zoning, public improvements, water and sewer service and general administrative services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

An elected five-member council governs the City. As required by generally accepted accounting principles, the accompanying financial statements of the reporting entity include those of the City of Hinesville, Georgia (the primary government) and its component unit, an entity for which the city is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government wide financial statements to emphasize that it is legally separate from the City.

The Downtown Development Authority (the "Authority") has been included as a discretely presented component unit in the accompanying financial statements. The Authority plans and develops the downtown area of the city in order to attract new business and residences. The City possesses the authority to review, approve, and revise the budget and governs collection and disbursement of funds. The governing body of the Authority is appointed by the City. Separate financial statements for the Downtown Development Authority are not available.

B. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the City) and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:
General Fund. This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Public Facilities Fund. This capital projects fund accounts for the construction of public facilities.

Capital Project Fund. This fund accounts for Special Purpose Local Option Sales Tax (SPLOST) proceeds and expenditures related to capital acquisition or construction of capital assets.

The City reports the following major enterprise funds:
Water and Sewer Fund. This fund accounts for the operation and maintenance of the City's water and sewer system.

Sanitation Fund. This fund accounts for the operation and maintenance of the City's sanitation department.

Stormwater Utility Fund. This fund accounts for the operation and maintenance of the City's storm water and drainage operations.

Additionally, the City reports the following fund types:

- Multiple Grant Fund – This special revenue fund accounts for grant revenues and expenditures.
- Hotel Motel Tax Fund – This special revenue fund accounts for hotel/motel tax collections and related expenditures.
- Transit Fund – This enterprise fund accounts for the operation of the City's bus transit system.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

C. Basis of Accounting and Measurement Focus

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

In accounting and reporting for its governmental and business-type activities and its proprietary funds, the City applies GASB pronouncements and all Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989. Such FASB pronouncements are applied unless they conflict or contradict GASB pronouncements

Those revenues susceptible to accrual are property taxes, franchise taxes, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the City are recognized as revenue. Fines and permits are not susceptible to accrual because they generally are not measurable until received in cash.

D. Budgetary Data

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual operating budget is legally adopted each fiscal year for the general fund and special revenue funds. An annual operating budget is prepared for the enterprise funds for planning, control, cost allocation, and evaluation purposes. All annual appropriations lapse at fiscal year end. Project-length financial budgets are adopted for all capital projects funds.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting- under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation- is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. At October 31, 2011, there were no encumbrances outstanding.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

E. Cash and Investments

For purposes of the statement of cash flows, cash includes all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

State statutes authorize the City to invest in obligations of the U. S. Government and agencies of corporations of the U.S. Government; obligations of any state; obligations of any political subdivision of any state; certificates of deposit or time deposits of any national state bank or savings and loan which have deposits insured by the FDIC or FSLIC; prime bankers acceptances; repurchase agreements; and the Local Government Investment Pool of the State of Georgia (Georgia Fund 1). Georgia Fund 1, created under OCGA 36-83-8, is a stable net asset value investment pool, which follows Standard and Poor's criteria for AAAm rated money market funds and is regulated by the Georgia Office of Treasury and Fiscal Services. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are the safety of capital, investment income, liquidity and diversification while maintaining principal ($1 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1 per share.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair values.

F. Prepaid Items

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year. The City had only prepaid insurance as of October 31, 2011.

G. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet in the fund financial statements and as "internal balances" in the Statement of Net Assets in the government-wide financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all such items regardless of their acquisition date. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are expensed as incurred.

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. During the fiscal year ended October 31, 2011, the City capitalized interest in the amount of $0.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Infrastructure	20 – 50 years
Buildings	20 – 50 years
Improvements	20 – 50 years
Equipment and vehicles	13 – 15 years
Utility plant in service	5 – 50 years
Other equipment	3 – 10 years

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Compensated Absences

The personnel policy of the City provides for the accumulation of annual leave up to 96 hours for regular employees and 288 hours for fixed pay fluctuating hours employees with such leave being fully vested when earned. It also provides for the accumulation of sick leave up to 400 hours for regular employees and 557.75 hours for fixed pay fluctuating hours employees. Sick leave will be paid to employees separating from service with the City at a rate of 25% of the accumulated hours. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Net Assets/Fund Balances

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

L. Fund Equity

In the financial statements, governmental funds report the following classifications of fund balance in accordance with Governmental Accounting Standards Board Statement No. 54:

- Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. The City Council approves committed resources through a motion and vote during the voting session of City Council meetings.
- Assigned – amounts that are constrained by the City Council's intent to be used for specific purposes, but are neither restricted nor committed. The intent is expressed by the City Council.
- Unassigned – amounts that have not been assigned to other funds, and that are not restricted, committed, or assigned to specific purposes within the General Fund.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

The City does not have a formal minimum fund balance policy.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

The following is a summary of the fund balance classifications as of October 31, 2011

	General Fund	Public Facilities Fund	SPLOST Fund	Non-major Governmental Funds	Total Governmental Funds
Fund Balance:					
Nonspendable					
Prepaids	$ 119,806	$ -	$ -	$ -	$ 119,806
Restricted					-
Capital Outlay	-	256,521	90,259	-	346,780
Public Safety	66,370	-	-	-	66,370
Assigned					
Debt service	2,172,283	-	-	-	2,172,283
Culture and beautification	71,204	-	-	-	71,204
Community development	-	-	-	215,622	215,622
Fund balance appropriation	400,000	-	-	-	400,000
Unassigned	409,060	-	-	-	409,060
	$ 3,238,723	$ 256,521	$ 90,259	$ 215,622	$ 3,801,125

M. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of assets and liabilities during the reporting period. Actual results could differ from those estimates.

NOTE 2. LEGAL COMPLIANCE - BUDGETS

A. Budgetary Information

The following procedures are used by the City in establishing the budgetary data reflected in the financial statements:

1. The City Charter establishes the fiscal year as the twelve-month period beginning November 1 and ending on October 31. Generally, in September the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing November 1. The operating budget includes proposed expenditures and the means of financing them for the following departments: General, Administrative, Police, Fire, Municipal Court, Community Development, Inspections, Streets and Public Works.

NOTE 2. LEGAL COMPLIANCE – BUDGETS *(continued)*

B. Budgetary Information *(continued)*

2. Upon receipt of the budget estimates, the Council holds a first meeting on the Budget Ordinance. Information about the Budget Ordinance is then published in the official newspaper of the City. The Council is precluded from passing the Budget Ordinance until ten days have passed after the Ordinance Publication.

3. During October, the budget is then legally enacted through the passage of the Budget Ordinance.

4. Budgeted amounts can be transferred within a department of any fund by the City Manager; however, any revisions of the budget, which alter the total expenditures of a fund, must be approved by the City Council.

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, special revenue funds, Water and Sewer Fund and Sanitation Fund.

6. A budget for the General Fund and special revenue funds was adopted on a basis consistent with generally accepted accounting principles (GAAP).

7. Budgeted amounts are as originally adopted or as amended by the City Council.

8. The level of control (level at which expenditures may not legally exceed the budget) is exercised by the Mayor and Council at the department level.

C. Excess of Expenditures over Appropriations

The following general fund functions had excesses of actual expenditures over appropriations in the amount shown for the fiscal year ended October 31, 2011.

General Fund:

Current:

Administration	$ 7,260
Public Works Administration	$ 708
Highways & Streets	$ 166,960
Vehicle Maintenance	$ 4,220
Parks & Grounds	$ 5,761
Economic Development	$ 27,682
Interest & Fiscal Charges	$ 1,000

These over expenditures were funded by the additional use of fund balance.

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments as of October 31, 2011, are summarized as follows:

As reported in the Statement of Net Assets:

Primary government:	
Cash and cash equivalents	$ 3,805,072
Restricted assets - cash and cash equivalents	2,338,452
Restricted assets - Investments	603,441
	$ 6,746,965
Cash deposited with financial institutions	$ 4,924,906
Cash deposited with Fidelity Securities	1,218,618
Cash deposited with Georgia Fund 1	488,678
Investments in US Government Securities	102,054
Investments in Federated Securities	12,709
	$ 6,746,965
Component unit:	
Cash and cash equivalents	$ 193,899
Restricted assets - cash and cash equivalents	119,434
	$ 313,333
Cash deposited with financial institutions	$ 313,333

NOTE 3. DEPOSITS AND INVESTMENTS (*continued*)

Credit risk. State statues authorize the City to invest in obligations of the U.S. government and agencies of corporations of the U.S. Government; obligations of any state; obligations of any political subdivision of any state; certificates of deposit or time deposits of any national state bank or savings and loan which have deposits insured by the FDIC or FSLIC; prime bankers' acceptances; repurchase agreements; and the Local Government Investment Pool of the State of Georgia (Georgia Fund 1). The City has no investment policy that would further limit its investment choices. As of October 31, 2011, the U.S. Government Securities were rated AAA by Moody's and the City's investment in Georgia Fund 1 was rated AAAm by Standard and Poor's.

At October 31, 2011 the City had the following investments:

Investment	Maturities	Fair Value
Georgia Fund 1	24 day weighted average	$ 488,679
U.S. Government Securities	August 2032	27,610
U.S. Government Securities	May 2033	17,663
U.S. Government Securities	March 2034	5,606
U.S. Government Securities	June 2035	27,403
U.S. Government Securities	July 2035	2,153
U.S. Government Securities	November 2037	13,571
U.S. Government Securities	February 2038	8,048
Federated Treasury	NA	12,709
Total		$ 603,442

Interest rate risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties or municipalities. The City does not have a formal policy for custodial credit risk. As of October 31, 2011, the City did not have any investments exposed to this risk as all investments are in the name of the City. As of October 31, 2011, the City did not have any deposits which were uninsured and under collateralized as defined by GASB pronouncements.

NOTE 3. DEPOSITS AND INVESTMENTS (*continued*)

Custodial credit risk – investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties or municipalities. The City does not have a formal policy for custodial risk. As of October 31, 2011, the City did not have any investments exposed to this risk as all investments are in the name of the City.

NOTE 4. RECEIVABLES – ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Liberty County Tax Commissioner bills and collects the City's property taxes and remits collections on a weekly basis to the City. Property taxes levied for the year ending October 31, 2011 are recorded as receivables, net of estimated uncollectible.

Real and personal property taxes were levied in November 2011. The taxes are based on the January 1, 2011 assessed values and are due on February 15, 2011 after which date liens can be attached. The net receivables collected during the year ended October 31, 2011 and expected to be collected by December 31, 2011, are recognized as revenues in the year ended October 31, 2011. Net receivables estimated to be collectible subsequent to December 31, 2011 are recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

The amounts presented in the statement of net assets and the governmental funds balance sheet are net of the allowances for doubtful accounts:

	General	Nonmajor Governmental	Water and Sewer	Total
Receivables:				
Taxes	$ 1,561,840	$ 27,609	$ -	$ 1,589,449
Accounts	133,156	-	2,248,764	2,381,920
Gross receivables	1,694,996	27,609	2,248,764	3,971,369
Less allowance for uncollectible accounts	(74,246)	-	(480,502)	(554,748)
Net total receivables	$ 1,620,750	$ 27,609	$ 1,768,262	$ 3,416,621

Notes Receivable - The City has established a low interest revolving loan program to help finance the rehabilitation of homes of qualifying low-income residents within the City. As of October 31, 2011, the outstanding balance of these notes receivable, net of an allowance of $313,488, was $348,196.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended October 31, 2011, was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Governmental Activities					
Capital assets not being depreciated:					
Land and improvements	$ 1,831,567	$ -	$ -	$ -	$ 1,831,567
Construction in progress	5,443,544	8,087,362		(9,185,546)	4,345,360
Total capital assets not being depreciated	7,275,111	8,087,362	-	(9,185,546)	6,176,927
Capital assets being depreciated					
Buildings and improvements	4,394,794	-	-	7,754,159	12,148,953
Vehicles	4,170,596	887,495	(100,907)	-	4,957,184
Heavy equipment	601,165	-	-	-	601,165
Equipment	569,965	7,565	-	-	577,530
Office equipment	266,632	-	-	-	266,632
Infrastructure	47,448,907	3,091,626	-	1,431,387	51,971,920
Total capital assets being depreciated	57,452,059	3,986,686	(100,907)	9,185,546	70,523,384
Less accumulated depreciation for:					
Buildings and improvements	(1,202,364)	(155,117)	-	-	(1,357,481)
Vehicles	(3,345,845)	(323,057)	100,907	-	(3,567,995)
Heavy equipment	(560,234)	(13,852)	-	-	(574,086)
Equipment	(367,773)	(42,912)	-	-	(410,685)
Office equipment	(207,051)	(21,721)	-	-	(228,772)
Infrastructure	(16,596,203)	(946,702)	-	-	(17,542,905)
Total accumulated depreciation	(22,279,470)	(1,503,361)	100,907	-	(23,681,924)
Total capital assets being depreciated, net	35,172,589	2,483,325	-	9,185,546	46,841,460
Governmental activity capital assets, net	$ 42,447,700	$ 10,570,687	$ -	$ -	53,018,387
Less related long-term debt outstanding					(9,146,384)
Unexpended bond proceeds					1,218,618
Investment in capital assets, net of related debt					$ 45,090,621

NOTE 5. CAPITAL ASSETS (*continued*)

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Business-type activities					
Capital assets not being depreciated:					
Construction in progress	$ 1,826,181	$ 2,360,466	$ -	$ (1,097,336)	$ 3,089,311
Land (Right of way)	23,910		-	-	23,910
Total capital assets not being depreciated	1,850,091	2,360,466	-	(1,097,336)	3,113,221
Capital assets being depreciated					
Utility plant in service	74,929,632	3,536,282	-	-	78,465,914
Other equipment	6,751,609	167,982	-	-	6,919,591
Infrastructure	-	-	-	1,097,336	1,097,336
Total capital assets being depreciated	81,681,241	3,704,264	-	1,097,336	86,482,841
Less accumulated depreciation for:					
Utility plant in service	(30,884,780)	(2,148,857)	-	-	(33,033,637)
Other equipment	(4,158,059)	(618,765)	-	-	(4,776,824)
Infrastructure	-	(20,118)			(20,118)
Total accumulated depreciation	(35,042,839)	(2,787,740)	-	-	(37,830,579)
Total capital assets being depreciated, net	46,638,402	916,524	-	1,097,336	48,652,262
Business-type activity capital assets, net	$ 48,488,493	$ 3,276,990	$ -	$ -	51,765,483
Less related long-term debt outstanding					(15,560,867)
Investment in capital assets, net of related debt					$ 36,204,616

NOTE 5. CAPITAL ASSETS (*continued*)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	$ 116,040
Public Safety	393,917
Public works	954,186
Culture and recreation	25,319
Housing and development	8,243
Municipal Court	5,656
Total depreciation expense - Governmental activities	$ 1,503,361
Business-type activities:	
Water and sewer	$ 2,318,190
Sanitation	143,678
Stormwater utility	108,356
Transit	217,516
Total depreciation expense - Business-type activities	$ 2,787,740

NOTE 6. DEFERRED REVENUE

Under the accrual method of accounting, revenue must be recognized as soon as it is earned, regardless of availability. Thus, deferred revenue is reported as income on the statement of activities. Conversely, under the modified accrual basis of accounting, revenue cannot be recognized until it is available to liquidate liabilities of the current period. Thus deferred revenue is reported as a liability on the fund financial statements.

Deferred revenue of $1,462,322 in the General Fund relates primarily to $1,100,888 in franchise tax and $322,704 property tax revenue that was not collected within sixty days of the City's fiscal year end.

Cash received by the City in advance of expenditures for certain grant programs in the amount of $65,135 has been recorded as deferred revenue in the Multiple Grant Fund. As these funds are spent during fiscal year 2012, revenue will be recorded.

NOTE 7. CHANGES IN LONG-TERM LIABILITIES

The following schedule details the City's long-term liability activity for the year ended October 31, 2011

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Build America bonds	$ 9,510,000	$ -	$ (595,000)	$ 8,915,000	$ 810,000
Unamortized discount	(3,811)	-	195	(3,616)	(195)
Total revenue bonds	9,506,189	-	(594,805)	8,911,384	809,805
Certificates of participation	535,000	-	(300,000)	235,000	235,000
Total bonds, loans and notes payable	10,041,189	-	(894,805)	9,146,384	1,044,805
Other long term liabilities					
Compensated absences	1,041,421	1,061,355	(1,118,388)	984,388	984,388
Total governmental activities	$ 11,082,610	$ 1,061,355	$ (2,013,193)	$ 10,130,772	$ 2,029,193
Business-type activities:					
Revenue bonds	$ 3,355,000	$ -	$ (810,000)	$ 2,545,000	$ 805,000
GEFA loans payable	26,879,133	1,731,793	(15,634,393)	12,976,533	566,402
Note payable - Horse Creek Partners	2,665,979	-	(2,665,979)	-	-
Capital lease payable	77,217	-	(37,883)	39,334	39,334
Total bonds, loans and notes payable	32,977,329	1,731,793	(19,148,255)	15,560,867	1,410,736
Other long-term liabilities					
Compensated absences	20,261	37,937	(38,233)	19,965	19,965
Total business-type activities	$ 32,997,590	$ 1,769,730	$(19,186,488)	$ 15,580,832	$ 1,430,701

For governmental activities, compensated absences are generally liquidated by the General Fund.

Total bonds, loans and notes payable were presented net of unamortized issuance costs in prior years. In fiscal year 2011, unamortized bond issuance costs are presented as deferred charges. The issuance costs of the above revenue bonds are being amortized over the life of the debt as a component of interest expense. Amortization costs as of October 31, 2011 were $11,264 for governmental activities and $115,959 for business-type activities.

NOTE 8. LONG-TERM DEBT

Build America Bonds

In fiscal year 2010, the Liberty County Public Facilities Authority issued on behalf of the City of Hinesville $9,510,000 Revenue Bonds (Taxable Build America Bonds), Series 2010 for the purpose of constructing a new city hall and public works facilities. The certificates are due February 1 and August 1 each year with interest rates varying from 1.350% to 6.10% annually. The debt is expected to be repaid using special purpose local option sales tax and general fund revenues.

Debt service requirements to maturity are as follows:

Fiscal Year Ending October 31,	Principal	Interest	Total
2012	$ 810,000	$ 373,770	$ 1,183,770
2013	820,000	357,260	1,177,260
2014	830,000	338,070	1,168,070
2015	845,000	315,020	1,160,020
2016	360,000	296,315	656,315
2017-2021	1,075,000	1,338,633	2,413,633
2022-2026	1,255,000	1,052,635	2,307,635
2027-2031	1,500,000	661,925	2,161,925
2032-2035	1,420,000	177,205	1,597,205
Totals	$ 8,915,000	$ 4,910,833	$13,825,833

Certificates of Participation

In fiscal year 1997, the City issued $3,300,000 Georgia Municipal Association Essential Facilities Certificates of Participation (COPS), Series 1997A for the purpose of constructing a new law enforcement center. The certificates are due February 1 and August 1 each year with interest rates varying from 3.75% to 5.5% annually. The debt is expected to be repaid using general fund revenues.

Debt service requirements to maturity are as follows:

Fiscal Year Ending October 31,	Principal	Interest	Total
2012	$ 235,000	$ 6,463	$ 241,463
Totals	$ 235,000	$ 6,463	$ 241,463

NOTE 8. LONG-TERM DEBT (*continued*)

Revenue Bonds

The City issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at October 31, 2011 are as follows:

Purpose	Original Amount	Interest Rate	Due Date	Amount
Water & Sewer Fund Improvements	$ 5,785,000	4.80% - 5.70%	2013	$ 620,000
Water & Sewer Fund Improvements	4,640,000	4.00% - 4.625%	2014	1,925,000
Total Revenue Bonds Payable				2,545,000
Less current portion				(805,000)
Long-term portion of revenue bonds				$ 1,740,000

Revenue bond debt service requirements to maturities, including interest, are as follows:

Fiscal Year Ending October 31,	Principal	Interest	Total
2012	$ 805,000	$ 123,898	$ 928,898
2013	850,000	81,550	931,550
2014	890,000	41,163	931,163
Totals	$ 2,545,000	$ 246,610	$ 2,791,610

NOTE 8. LONG-TERM DEBT (*continued*)

Georgia Environmental Facilities Authority Loans

During the year ended October 31, 2002 the City's Water and Sewer Fund entered into a loan agreement up to $2,840,000 with the Georgia Environmental Facilities Authority (GEFA) for the upgrade and improvement of the City's wastewater treatment plant. In May 2004, the City requested and received an additional GEFA funding in the amount of $275,000 for a total of $3,115,000. The loan is due in 198 monthly installments of $20,499 including interest at 4.45% through May 2023.

During the year ended October 31, 2006, the City's Water and Sewer Fund entered into a loan agreement up to $10,000,000 with GEFA for the construction of a new wastewater treatment plant. During the year ended October 31, 2007, the City applied for a second phase of GEFA funding for the same project in the amount of $16,186,145 for total GEFA funding of $26,186,145. In December 2010, the City used the Department of Defense (DoD) Office of Economic Adjustment (OEA) grant funds to pay Phase II of this loan in full and made a principal only payment on the original GEFA note in the amount of $500,913. The loan is now due in 225 monthly installments of $62,080 including interest of 4.10% through July 2026.

During the year ended October 31, 2010, the City's Stormwater Utility Fund entered into a loan agreement up to $2,583,965 with GEFA for specific storm water projects. As of October 31, 2011, the City has drawn down $1,699,385. The City still has the option to draw down an additional $884,580.

During the year ended October 31, 2011, the City's Stormwater Utility Fund entered into a loan agreement up to $2,000,000 with GEFA for the Bryant Commons storm water project. As of October 31, 2011, the City has drawn down $994,179. The City still has the option to draw down an additional $1,005,821.

NOTE 8. LONG-TERM DEBT (*continued*)

GEFA loans outstanding at October 31, 2011 are as follows:

Purpose	Original Amount	Interest Rate	Due Date	Amount
Water & Sewer Fund Improvements	$ 3,115,000	4.45%	2023	$ 2,214,471
Wastewater Treatment	10,156,179	4.10%	2027	8,214,106
Stormwater projects	2,583,965	In construction status		1,722,841
Stormwater project	2,000,000	In construction status		825,115
Total GEFA loans payable				12,976,533
Less GEFA loans payable in construction status				(2,547,956)
Long-term portion in repayment status				10,428,577
Less current portion				(566,402)
Long-term portion of GEFA Loans				$ 9,862,175

GEFA loan debt service requirements to maturities, including interest, are as follows:

Fiscal Year Ending October 31,	Principal	Interest	Total
2012	$ 566,402	$ 424,563	$ 990,965
2013	590,753	400,213	990,966
2014	615,942	375,024	990,966
2015	642,274	348,661	990,935
2016	669,680	321,285	990,965
2017-2021	3,803,550	1,151,277	4,954,827
2022-2026	3,539,976	334,424	3,874,400
Total	$ 10,428,577	$ 3,355,447	$ 13,784,024

NOTE 8. LONG-TERM DEBT (*continued*)

Note Payable – Horse Creek Partners

During the year ended October 31, 2007, the City entered into an agreement with Horse Creek Partners, LLC. Horse Creek Partners, LLC agreed to develop water and sewer infrastructure on property they are developing (the "Independence Project). The City agreed to assess and collect an infrastructure fee of $1,000 per equivalent residential unit at such time as a building permit is issued for the construction of vertical improvements on any subdivided lot or tract in this project. The City must remit all fees collected to Horse Creek Partners, LLC at the end of each calendar quarter for the costs incurred by the developer. In December 2010, the City used the Department of Defense (DoD) Office of Economic Adjustment (OEA) grant funds to pay off this obligation in full. The City will continue to collect the infrastructure fees until the City has been reimbursed for costs incurred.

Capital Lease

The City has entered into a lease agreement as lessee for financing the acquisition of a garbage truck. This lease agreement qualifies as a capital lease for accounting purpose (titles transfer at the end of the lease term) and has been recorded at the present value of the future minimum lease payment as of the date of inception. The lease is being serviced by Sanitation Fund quarterly payments with an annual interest rate of 3.57%.

The following is an analysis of the asset recorded under capital leases at October 31, 2011:

Class of Property	Cost	Accumulated Depreciation	Net Book Value
Equipment	$ 149,851	$ (46,204)	$ 103,647

The future minimum lease obligations and the net present value of theses minimum lease payments as of October 31, 2011 are as follows:

Fiscal Year Ending October 31,	Principal	Interest	Total
2012	$ 39,334	$ 880	$ 40,214
Totals	$ 39,334	$ 880	$ 40,214

NOTE 8. LONG-TERM DEBT (*continued*)

Prior Year Defeasance of Debt

In prior years, the City defeased certain outstanding revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On October 31, 2011, the outstanding amount of bonds considered defeased is $30.

NOTE 9. INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances as of October 31, 2011 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	SPLOST Fund	$ 1,544,131
General Fund	Public Facilities Fund	271,473
General Fund	Nonmajor Governmental	371,443
General Fund	Stormwater Utility Fund	1,145,178
General Fund	Nonmajor Proprietary	455,081
Water and Sewer Fund	General Fund	4,411,236
Sanitation Fund	Water and Sewer Fund	88,952
		$ 8,287,494

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Interfund transfers for the year ended October 31, 2011 consisted of the following:

Transfer In	Transfer Out	Purpose	Amount
General Fund	Nonmajor Governmental	Distribution of tax revenue	$ 133,908
General Fund	Nonmajor Governmental	Program administration	110,400
SPLOST Fund	Stormwater Utility Fund	Contribution to drainage project	77,654
Nonmajor Governmental	General Fund	Grant program assistance	87,190
Nonmajor Proprietary	General Fund	Local match	715,287
Total interfund transfers			$ 1,124,439

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statue or budget require to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 10. PENSION PLAN

A. Plan Description

The City of Hinesville Pension Plan (the Plan) is a noncontributory defined benefit pension plan covering all full-time employees. The Plan is administered by the Georgia Municipal Employees Benefit System (GMEBS), a statewide, agent multiple-employer type plan. GMEBS handles all administrative and investment functions relative to the Plan. Benefits are fully vested after 10 years of service. Participants become eligible to retire at age 65, with 5 years of participation in the Plan. Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 1.0% of final average earnings up to a participant's amount of covered compensation, plus 1.75% of final average earnings in excess of the participant's amount of covered compensation, all multiplied by the participant's years of total credited service. These benefit provisions and all other requirements are established and amended by local ordinance. The GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to GMEBS, 201 Pryor Street, SW, Atlanta, Georgia 30303.

B. Funding Policy

The City's policy is to contribute the actuarially determined amount as recommended by GMEBS. The Board of Trustees of GMEBS has adopted an actuarial funding policy for determination of annual contributions and the systematic funding of liabilities arising under the plan. The annual recommended contribution is the sum of 1) the normal cost, 2) the level dollar amortization of the unfunded actuarial accrued liability (initial unfunded actuarial accrued liability over 30 years from 1981 and changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions, and 30 years for actuarial assumptions and cost methods from the end of the year during which such changes arise), and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly).

The recommended contributions under this policy for 2011 and 2010 are shown below.

	2011	2010
Normal Cost		
Plan Benefits	$ 437,266	$ 409,437
Administrative Expenses	23,119	22,241
Payment on unfunded (surplus) actuarial accrued liability	367,580	357,532
Interest	53,137	50,650
Recommended Contribution	881,102	839,860
Covered Payroll	8,319,757	7,893,937
Recommended Contribution as a percentage of covered payroll	10.29%	10.34%

The recommended contributions meet the estimated minimum annual contribution under Public Retirement Systems Standards Law (Georgia Code Section 47-20-10).

NOTE 10. PENSION PLAN (*continued)*

C. Annual Pension Cost

For the fiscal year ended October 31, 2011, the City's annual pension cost was $839,860. Recommended contributions of $881,102 and $839,860 were determined as part of the January 1, 2011 and 2010 actuarial valuations, respectively, using the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The actuarial value of assets is determined by rolling forward the prior year's actuarial value with contributions, disbursements, and expected return on investments, plus 10% of investment gains (losses) during the prior 10 years. The actuarial assumptions include (a) 7.75% investment rate of return and (b) projected salary increases for inflation of 3.5% per year and for merit of seniority of .5% per year. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1981 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions, and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year.

D. Trend information

Trend information, which gives an indication of the progress made in accumulating sufficient assets to pay benefits when due, is presented below.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
10/31/2009	512,171	100	0
10/31/2010	730,183	100	0
10/31/2011	839,860	100	0

E. Funded Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the plan was 80.16 percent funded. The actuarial accrued liability for benefits was $13.1 million, and the actuarial value of assets was $10.5 million. The covered payroll (annual payroll of active employees covered by the plan) was $8.32 million, and the ratio of the UAAL to the covered payroll was 31.12 percent. The unfunded actuarial accrued liability was $2,589,409 which has decreased from the prior year.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 11. RELATED ORGANIZATIONS

The City's governing council is responsible for all of the board appointments of the Hinesville Housing Authority. However, the City has no further accountability for this organization. For the year ending October 31, 2011, the City did not provide any contributions to the Hinesville Housing Authority.

NOTE 12. JOINT VENTURES

Under Georgia Law, the City, in conjunction with other cities and counties in the nine county coastal Georgia region, is a member of the Coastal Georgia Regional Commission and is required to pay annual dues thereto. During its year ended October 31, 2011 the City paid $34,043 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the Regional Commission in Georgia. The Coastal Georgia Regional Commission Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from the Coastal Georgia Regional Commission, 127 "F" Street, Brunswick, Georgia 31520.

NOTE 13. HOTEL/MOTEL LODGING TAX

The government has levied a 5% lodging tax. Forty percent of the tax received is paid to the Liberty County Convention and Visitor's Bureau (CVB). A summary of the transactions for the year ending October 31, 2010 follows:

Total lodging tax receipts	$ 223,179
40% of tax receipted owed to the Liberty County Convention & Visitors Bureau for October 31, 2011	89,272
Tax receipts owed at October 31, 2010	22,915
Disbursements to the Liberty County Convention & Visitors Bureau during the year ended October 31, 2011	(101,144)
Lodging tax funds due to Liberty County Convention & Visitors Bureau at October 31, 2011	$ 11,043

NOTE 14. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

NOTE 14. RISK MANAGEMENT (*continued)*

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the: members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the past three years have not exceeded the coverages.

The City pays unemployment claims to the state department of labor on a reimbursement basis. Liabilities for such claims are immaterial and are not accrued.

NOTE 15. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time government employees at their option, permits participation to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency. In accordance with GASB Statement No. 32 "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," no assets or liabilities of the City's Deferred Compensation Plan are included in the City's financial statements.

NOTE 16. COMMITMENTS AND CONTINGENCIES

Litigation

The City is involved in several pending lawsuits. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

Contractual Obligations

The City has contracted with CH2M Hill for the operation of the wastewater treatment plant, meter reading, construction and maintenance, and water lab and pump maintenance of the Water and Sewer Enterprise Fund. It has further contracted with CH2M Hill for the operation of all of its "Public Works" departments. This includes streets, vehicle maintenance, sanitation, public works, mosquito control, and parks and grounds in the General Fund, sanitation services in the Sanitation Enterprise Fund and drainage services in the Stormwater Utility Enterprise Fund.

In addition to the liabilities enumerated in the balance sheet at October 31, 2011, the City has contractual commitments on uncompleted construction contracts of approximately $1,253,483 for the Public Works facilities project (Public Facilities Fund) and $456,734 for drainage projects (Stormwater Utility Fund).

Grant Contingencies

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HINESVILLE, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability {AAL} (b)	Unfunded (Surplus) AAL {UAAL} (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll	UAAL as a Percentage of Covered Payroll* [(b) - (a)] / (c)
07/01/2006	8,542,220	8,434,852	(107,368)	101.27%	5,762,420	0.00%
07/01/2007	9,156,018	9,436,798	280,780	97.02%	6,597,142	4.26%
07/01/2008	9,805,086	10,487,164	682,078	93.50%	7,451,542	9.15%
07/01/2009	7,516,008	11,663,814	4,147,806	64.44%	7,859,885	52.77%
01/01/2010	9,589,494	12,108,116	2,518,622	79.20%	7,893,937	31.91%
01/01/2011	10,464,796	13,054,205	2,589,409	80.16%	8,319,757	31.12%

**Not less than zero*

CITY OF HINESVILLE, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S CONTRIBUTION

Plan Year Beginning	Annual Required Contribution	Percentage Contributed
11/01/2010	839,860	100.00%
11/01/2009	730,183	100.00%
11/01/2008	512,171	100.00%


HINESVILLE
GEORGIA

SUPPLEMENTARY DATA

COMBINING STATEMENTS AND SCHEDULES

STATE MANDATED PROGRAM INFORMATION

CITY OF HINESVILLE, GEORGIA

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
OCTOBER 31, 2011

	Special Revenue Funds		
	Multiple Grant Fund	Hotel/ Motel Tax Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	$ 168,869	$ -	$ 168,869
Receivables, net	-	27,608	27,608
Notes receivable, net	348,196	-	348,196
Due from other governments	984,314	-	984,314
Total assets	$ 1,501,379	$ 27,608	$ 1,528,987
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 854,804	$ 11,043	$ 865,847
Due to component unit	10,940	-	10,940
Due to other funds	354,878	16,565	371,443
Deferred revenue	65,135	-	65,135
Total liabilities	1,285,757	27,608	1,313,365
Fund balances			
Assigned	215,622	-	215,622
Total fund balances	215,622	-	215,622
Total liabilities and fund balances	$ 1,501,379	$ 27,608	$ 1,528,987

CITY OF HINESVILLE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS YEAR ENDED OCTOBER 31, 2011

	Special Revenue Funds		
	Multiple Grant Fund	Hotel/ Motel Tax Fund	Total Nonmajor Governmental Funds
Revenues:			
Other taxes	$ -	$ 223,179	$ 223,179
Intergovernmental	1,912,923	-	1,912,923
Interest revenues	13,386	-	13,386
Total revenues	1,926,309	223,179	2,149,488
Expenditures:			
Current:			
General government	89,610	-	89,610
Public safety	9,970	-	9,970
Housing and development	416,798	-	416,798
Health and welfare	192,497	-	192,497
Intergovernmental	1,196,355	89,271	1,285,626
Total expenditures	1,905,230	89,271	1,994,501
Excess (deficiency) of revenues over (under) expenditures	21,079	133,908	154,987
Other financing sources (uses)			
Transfers In	87,190	-	87,190
Transfers Out	(110,400)	(133,908)	(244,308)
Total other financing sources (uses)	(23,210)	(133,908)	(157,118)
Net change in fund balances	(2,131)	-	(2,131)
Fund balance - November 1	217,753	-	217,753
Fund balance - October 31	$ 215,622	$ -	$ 215,622

CITY OF HINESVILLE, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - MULTIPLE GRANT FUND
YEAR ENDED OCTOBER 31, 2011

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Revenues				
Intergovernmental	$ 3,071,210	$ 3,071,210	$ 1,912,923	$ (1,158,287)
Interest revenues	-	-	13,386	13,386
Total revenues	3,071,210	3,071,210	1,926,309	(1,144,901)
Expenditures				
Current:				
General government	245,712	245,712	89,610	156,102
Public safety				
Police	50,295	50,295	9,970	40,325
Total public safety	50,295	50,295	9,970	40,325
Public works				
Highways and streets	75,230	75,230	-	75,230
Total public works	75,230	75,230	-	75,230
Housing and development				
Conservation projects	18,177	18,177	17,814	363
Urban redevelopment	1,147,347	1,147,347	292,722	854,625
Planning and zoning	-	-	106,262	(106,262)
Total housing and development	1,165,524	1,165,524	416,798	748,726
Health and welfare				
Community development	382,775	382,775	192,497	190,278
Total health and welfare	382,775	382,775	192,497	190,278
Intergovernmental				
Liberty County Board of Commissioners	-	-	1,196,355	(1,196,355)
Total Intergovernmental	-	-	1,196,355	(1,196,355)
Total expenditures	1,919,536	1,919,536	1,905,230	14,306
Excess (deficiency) of revenues over (under) expenditures	1,151,674	1,151,674	21,079	(1,130,595)
Other financing sources (uses)				
Transfers In	96,580	96,580	87,190	(9,390)
Transfers Out	(390,388)	(390,388)	(110,400)	279,988
Total other financing sources	(293,808)	(293,808)	(23,210)	270,598
Net change in fund balances	857,866	857,866	(2,131)	(859,997)
Fund balance - November 1	(857,866)	(857,866)	217,753	1,075,619
Fund balance - October 31	$ -	$ -	$ 215,622	$ 215,622

CITY OF HINESVILLE, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - HOTEL/MOTEL TAX FUND YEAR ENDED OCTOBER 31, 2011

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Revenues				
Other taxes	$ 248,977	$ 248,977	$ 223,179	$ (25,798)
Total revenues	248,977	248,977	223,179	(25,798)
Expenditures				
Current				
General government	99,591	99,591	89,271	10,320
Total expenditures	99,591	99,591	89,271	10,320
Excess (deficiency) of revenues over (under) expenditures	149,386	149,386	133,908	(15,478)
Other financing sources (uses):				
Transfers Out	(149,386)	(149,386)	(133,908)	15,478
Total other financing sources	(149,386)	(149,386)	(133,908)	15,478
Net change in fund balances	-	-	-	-
Fund balance - November 1	-	-	-	-
Fund balance - October 31	$ -	$ -	$ -	$ -

CITY OF HINESVILLE, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALE TAX PROCEEDS FOR THE YEAR ENDED OCTOBER 31, 2011

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Prior resolutions					
Airport Road drainage crossing	$ 66,650	$ 66,650	$ 38,128	$ -	$ 38,128
Azalea Street	-	450,000	-	-	-
Barry McCaffery Blvd, Kelly Drive	769,172	701,854	794,467	-	794,467
Barry McCaffery Phase III	-	422,766	505,664	-	505,664
Bradwell Street	-	-	135,190	-	135,190
Brickyard Road/Nottingham Drive	-	81,334	80,350	-	80,350
Buck Road	-	48,692	69,495	-	69,495
Buoy Lane drainage	-	222,127	229,021	-	229,021
Byrum Drive	-	20,507	8,840	-	8,840
Cherokee Trail	49,075	36,073	35,443	-	35,443
Deal Street	478,803	478,803	13,463	-	13,463
Dean Street	159,600	171,020	162,583	-	162,583
Folker sidewalk	32,890	23,210	20,572	-	20,572
Forest Street	98,895	110,114	104,712	-	104,712
Frank Cochran Drive sidewalks	150,000	151,913	132,262	-	132,262
Frank Cochran Drive Widening	374,000	374,000	893,530	127,533	1,021,063
Fraser/Norman/Layton Streets	194,084	185,211	189,555	-	189,555
Gray Fox Road	252,886	252,886	23,137	-	23,137
Irene Thomas Park	75,000	256,000	250,677	-	250,677
Justice Center	-	-	116,452	-	116,452
Lakeview Drive	-	300,870	249,587	-	249,587
Lewis Fraser sidewalks	28,350	28,350	2,915	-	2,915
Memorial Drive Realignment	-	797,482	1,073,975	-	1,073,975
MLK Jr. Hwy 84	-	600,000	16,964	-	16,964
Pineland Avenue improvements	658,824	704,047	1,361,265	-	1,361,265
Pipkin Road drainage crossing	72,550	72,550	34,852	-	34,852
Regency Apt/Frasier Retention	-	340,633	326,443	-	326,443
Hendry Street/General Screven	-	18,000	-	-	-
Milling	-	32,000	57,330	-	57,330
Reserve	-	356,000	-	-	-
Fire Truck - reimbursement from County-wide Fire Protection*	-	-	100,000	-	100,000
Total all Projects	$ 3,460,779	$ 7,303,092	$ 7,026,872	$ 127,533	$ 7,154,405

* Transfer to the General Fund for partial reimbursement of a fire truck purchased in FY2007.

CITY OF HINESVILLE, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALE TAX PROCEEDS
FOR THE YEAR ENDED OCTOBER 31, 2011

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
2004 Resolution					
South Commerce St. stormwater retention	$ 313,620	$ 313,620	$ -	$ -	$ -
Mid-Coast Business Park entry road	800,000	800,000	-	-	-
Memorial Drive Realignment Project:					-
Section 1	1,127,438	1,127,438	2,330,487	-	2,330,487
Section 2	1,298,499	1,298,499	2,165,616	-	2,165,616
Section 3	1,089,803	1,089,803	1,683,483	-	1,683,483
Section 4 - Main Street	1,127,308	1,127,308	52,687	-	52,687
East ML King Jr Drive improvements	-	-	1,000	-	1,000
Fraser Acres drainage diversion project	-	-	-	-	-
Hinesville public works expansion	531,000	531,000	285,709	26,351	312,060
Hinesville City Hall expansion	369,000	369,000	317,477	52,882	370,359
Total all Projects	$ 6,656,668	$ 6,656,668	$ 6,836,459	$ 79,233	$ 6,915,692

CITY OF HINESVILLE, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALE TAX PROCEEDS
FOR THE YEAR ENDED OCTOBER 31, 2011

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
2009 Resolution					
Memorial Drive Realignment Project:					
Section 3	$ 260,520	$ 260,520	$ 260,520	$ -	$ 260,520
Section 4	2,024,329	2,024,329	653,640	2,600	656,240
Azalea Street	121,000	121,000	155,505	-	155,505
Forest Street Reconstruction	1,124,188	1,124,188	99,980	1,017,453	1,117,433
Meloney Drive	372,438	372,438	3,851	149,139	152,990
Hwy 84 ADA Ramps (Stewart to Screven)	67,500	67,500	-	-	-
South Main Street	807,843	807,843	13,520	35,551	49,071
McArthur Road	248,527	248,527	-	400	400
Milling	300,000	300,000	-	-	-
Jack Hill Road	505,930	505,930	10,360	17,980	28,340
Windhaven Drainage	-	170,000	-	160,965	160,965
Hinesville capital projects	266,848	-	266,848	-	266,848
Hinesville capital projects	218,489	-	218,489	-	218,489
Hinesville capital projects - Debt Service	3,516,213	-	45,009	845,563	890,572
Total all Projects	$ 9,833,825	$ 6,002,275	$ 1,727,722	$ 2,229,651	$ 3,957,373

Reconciliation of current year SPLOST Fund expenditures:

Prior Resolutions	$ 127,533
2004 Resolution	79,233
2009 Resolution	2,229,651
Total current year SPLOST Fund Expenditures	$ 2,436,417

* Transfer to Public Facilities Fund at the bond closing for City's contribution towards the city hall and public works projects.

COMPONENT UNIT

CITY OF HINESVILLE, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
OCTOBER 31, 2011

ASSETS		
Cash and cash equivalents	$	193,899
Receivables, net		22,611
Due from other governments		10,940
Restricted assets:		
Cash and cash equivalents		119,434
Assets held for resale		797,446
Total assets	$	1,144,330
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$	33,706
Due to other governments		706,485
Total liabilities		740,191
Fund balances		
Assigned		119,434
Unassigned		284,705
Total fund balances		404,139
Amounts report for governmental activies in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.		41,920
Certain liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the fund.		(39,917)
Net assets of componenet unit	$	406,142

CITY OF HINESVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
YEAR ENDED OCTOBER 31, 2011

Revenues:		
Charges for services	$	17,901
Intergovernmental		416,365
Other revenues		192,796
Total revenues		627,062
Expenditures:		
Administration		246,646
Housing and development		239,687
Debt service:		
Principal		2,003
Interest and fiscal charges		1,702
Total expenditures		490,038
Excess (deficiency) of revenues over (under) expenditures		137,024
Other financing sources (uses)		
Proceeds from note payable		41,920
Total other financing sources (uses)		41,920
Net change in fund balances		178,944
Fund balance - November 1		225,195
Fund balance - October 31	$	404,139

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - component unit	$	178,944
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		41,920
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(39,917)
Change in net assets of component unit	$	180,947


HINESVILLE
GEORGIA

STATISTICAL SECTION

This part of the City of Hinesville's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents **Page**

Financial Trends---------- **75**

These schedules contain trend information to help the reader understand how the city's financial position has changed over time.

Revenue Capacity---------- **87**

These schedules contain information to help the reader understand and assess the factors affecting the city's ability to generate its most significant local revenue sources, the property tax and sales tax.

Debt Capacity---------- **96**

These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

Demographic and Economic Information---------- **99**

These schedules offer economic and demographic indicators to help the reader understand the environment within which the city's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.

Operating Information---------- **101**

These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the *Comprehensive Annual Financial Reports* for the relevant year.

City of Hinesville, Georgia
Net Assets by Activity
Last Nine Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2003	**2004**	**2005**	**2006**
Governmental activities				
Invested in capital assets, net of related debt	$ 26,181,168	$ 26,557,255	$ 26,531,993	$ 31,015,029
Restricted	-	-	-	-
Unrestricted	6,320,590	7,799,256	11,692,691	10,060,871
Total governmental actives net assets	$ 32,501,758	$ 34,356,511	$ 38,224,684	$ 41,075,900
Business-type activities				
Invested in capital assets, net of related debt	$ 11,578,816	$ 11,566,321	$ 11,440,310	$ 15,932,876
Restricted	2,308,989	2,388,126	2,120,389	1,462,728
Unrestricted	2,118,669	1,943,822	2,434,634	(225,279)
Total business-type activities net assets	$ 16,006,474	$ 15,898,269	$ 15,995,333	$ 17,170,325
Primary government				
Invested in capital assets, net of related debt	$ 37,759,984	$ 38,123,576	$ 37,972,303	$ 46,947,905
Restricted	2,308,989	2,388,126	2,120,389	1,462,728
Unrestricted	8,439,259	9,743,078	14,127,325	9,835,592
Total primary government net assets	$ 48,508,232	$ 50,254,780	$ 54,220,017	$ 58,246,225

Note: Information prior to 2003 was not available.

City of Hinesville, Georgia
Net Assets by Activity
Last Nine Fiscal Years
(Accrual Basis of Accounting)
continued

2007	2008	2009	2010	2011
$ 32,609,746	$ 35,434,244	$ 37,958,051	$ 39,915,094	$ 45,090,621
-	-	-	6,813,401	413,150
10,675,809	9,551,986	9,052,494	(643,479)	2,823,384
$ 43,285,555	$ 44,986,230	$ 47,010,545	$ 46,085,016	$ 48,327,155
$ 20,677,179	$ 14,505,464	$ 14,349,819	$ 15,511,244	$ 36,204,616
973,378	983,605	1,022,230	975,793	928,898
(2,822,212)	3,343,670	1,272,209	23,943,510	5,036,776
$ 18,828,345	$ 18,832,739	$ 16,644,258	$ 40,430,547	$ 42,170,290
$ 53,286,925	$ 49,939,708	$ 52,307,870	$ 55,426,338	$ 81,295,237
973,378	983,605	1,022,230	7,789,194	1,342,048
7,629,239	12,895,656	10,324,703	23,300,031	7,860,160
$ 61,889,542	$ 63,818,969	$ 63,654,803	$ 86,515,563	$ 90,497,445

City of Hinesville, Georgia
Changes in Net Assets
Last Nine Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2003	**2004**	**2005**	**2006**
Expenses				
Primary government:				
Governmental activities:				
General government	$ 1,768,719	$ 1,953,572	$ 1,952,769	$ 2,351,658
Judicial [e]	-	-	-	310,188
Public safety	6,533,385	6,943,658	7,581,847	7,909,188
Highways and streets	2,231,243	2,644,094	2,906,748	3,216,476
Sanitation [a]	2,313,361	-	-	-
Health and Welfare [g]	726,562	745,803	669,126	822,567
Welfare	286,033	422,777	733,852	841,646
Culture and recreation	350,139	374,324	352,428	431,665
Housing and development [g]	-	-	-	-
Interest and fiscal changes	132,612	119,569	111,312	91,989
Total governmental activities expenses	14,342,054	13,203,797	14,308,082	15,975,377
Business-type activities:				
Water and sewer	5,686,867	6,192,010	6,182,700	6,570,595
Sanitation [a]	-	1,978,291	2,040,141	2,177,974
Stormwater utility [f]		-	-	-
Transit	-	-	-	-
Total business-type activities expenses	5,686,867	8,170,301	8,222,841	8,748,569
Total primary government expenses	20,028,921	21,374,098	22,530,923	24,723,946
Program revenues				
Primary government:				
Governmental activities:				
Charges for services [d]				
General government	32,540	36,934	577,856	542,218
Judiciary	-	-	-	-
Public safety	1,320,684	1,517,149	1,379,091	1,641,696
Public works	75,832	49,644	53,919	44,824
Housing and development	98,207	53,431	54,338	-
Sanitation	2,162,613			
Operating grants and contributions	536,171	466,299	775,003	942,686
Capital grants and contributions [b]	1,875,399	138,894	1,756,388	1,319,046
Total governmental activities program revenues	6,101,446	2,262,351	4,596,595	4,490,470
Business-type activities:				
Charges for services	5,230,409	7,977,844	7,610,791	8,897,876
Operating grants and contributions	-	-	-	-
Capital grants and contributions [b]	917,136	-	576,772	812,915
Total business-type activities program revenues	6,147,545	7,977,844	8,187,563	9,710,791
Total primary government program revenues	12,248,991	10,240,195	12,784,158	14,201,261

City of Hinesville, Georgia
Changes in Net Assets
Last Nine Fiscal Years
(Accrual Basis of Accounting)
continued

Fiscal Year				
2007	**2008**	**2009**	**2010**	**2011**
$ 2,194,891	$ 2,071,081	$ 2,094,334	$ 2,483,187	$ 2,429,215
307,241	352,712	368,461	415,532	426,155
8,552,233	9,027,601	9,761,982	10,238,143	11,321,340
2,867,482	2,476,765	2,665,112	2,761,761	2,875,882
-	-	-	-	-
481,410	526,306	617,340	574,305	625,795
-	-	-	-	-
1,006,902	880,562	801,662	826,155	889,866
2,590,029	3,198,315	2,468,991	3,466,832	1,979,711
78,094	67,529	53,893	140,367	407,888
18,078,282	18,600,871	18,831,775	20,906,282	20,955,852
6,925,859	8,128,043	9,205,371	9,105,367	9,268,587
2,103,192	2,220,636	2,166,292	2,386,351	2,516,038
178,089	1,027,258	1,057,459	939,821	1,054,997
-	-	-	208,507	1,750,776
9,207,140	11,375,937	12,429,122	12,640,046	14,590,398
27,285,422	29,976,808	31,260,897	33,546,328	35,546,250
725,721	692,777	774,060	659,534	789,678
149,635	136,248	133,593	138,605	98,349
1,429,152	1,158,496	1,213,611	1,165,065	994,721
107,738	75,081	71,426	68,181	66,002
348,742	264,734	251,054	131,035	210,411
1,324,376	1,963,488	1,264,948	1,648,071	1,022,543
2,383,816	2,876,760	3,344,072	3,800,018	6,728,453
6,469,180	7,167,584	7,052,764	7,610,509	9,910,157
9,625,421	11,192,455	10,111,291	10,429,212	10,912,645
-	-	-	83,014	739,949
551,930	-	-	25,725,883	3,819,981
10,177,351	11,192,455	10,111,291	36,238,109	15,472,575
16,646,531	18,360,039	17,164,055	43,848,618	25,382,732

City of Hinesville, Georgia
Changes in Net Assets
Last Nine Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2003	**2004**	**2005**	**2006**
Net (expense) / revenue				
Governmental activities	(8,240,608)	(10,941,446)	(9,711,487)	(11,484,907)
Business-type activities	460,678	(192,457)	(35,278)	962,222
Total primary government net (expense) / revenue	(7,779,930)	(11,133,903)	(9,746,765)	(10,522,685)

(Continued)

City of Hinesville, Georgia
Changes in Net Assets
Last Nine Fiscal Years
(Accrual Basis of Accounting)
continued

Fiscal Year				
2007	**2008**	**2009**	**2010**	**2011**
(11,609,102)	(11,433,287)	(11,779,011)	(13,295,773)	(11,045,696)
970,211	(183,482)	(2,317,831)	23,598,063	882,177
(10,638,891)	(11,616,769)	(14,096,842)	10,302,290	(10,163,519)

City of Hinesville, Georgia
Changes in Net Assets
Last Nine Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2003	**2004**	**2005**	**2006**
General revenues and other changes in net assets				
Governmental activities:				
Taxes [c]	10,117,890	11,807,735	12,845,757	13,020,799
Federal and state grants and other contributions not restricted to specific functions [h]	422,884	436,086	-	-
Investment earnings	67,913	84,886	194,943	354,286
Other revenues	31,763	77,976	145,877	548,420
Gain on sale of assets	-	-	40,603	15,824
Transfers	251,339	389,516	352,480	396,794
Total governmental activities general revenues and other changes in net assets	10,891,789	12,796,199	13,579,660	14,336,123
Business-type activities:				
Federal and state grants and other contributions not restricted to specific functions				
Other revenues	358,044	381,223	363,311	411,980
Investment earnings	64,777	92,545	121,511	197,584
Transfers	(251,339)	(389,516)	(352,480)	(396,794)
Total business type activities general revenues and other changes in net assets	171,482	84,252	132,342	212,770
Total primary government general revenues and other changes in net assets	11,063,271	12,880,451	13,712,002	14,548,893
Change in net assets				
Governmental activities	2,651,181	1,854,753	3,868,173	2,851,216
Business-type activities	632,160	(108,205)	97,064	1,174,992
Total primary government change in net assets	$ 3,283,341	$ 1,746,548	$ 3,965,237	$ 4,026,208

(a) Beginning in fiscal year 2004, sanitation activities were taken out of the general fund and recorded in a separate enterprise fund.

(b) 2003 and 2005 revenues included significant amounts of infrastructure donated by local contractors as new developments were

(c) Tax revenues have continued to increase as the City has enjoyed continued growth and a thriving economy.

(d) Beginning in fiscal year 2005, license and permits were classified as charges for services.

(e) Beginning in fiscal year 2006, the Municipal Court activities were reclassified as judicial expenditures from public safety.

(f) Beginning in fiscal year 2007, the City began reporting a storm water utility enterprise fund.

(g) Beginning in fiscal year 2007, housing and development expenditures were reclassed from welfare, and health and welfare

(h) Beginning in fiscal year 2007, payments in lieu of taxes were reclassified as general revenues.

Note: Information prior to 2003 was not available.

City of Hinesville, Georgia
Changes in Net Assets
Last Nine Fiscal Years
(Accrual Basis of Accounting)
continued

Fiscal Year				
2007	**2008**	**2009**	**2010**	**2011**
13,053,189	12,907,329	13,519,784	13,455,909	13,820,149
22,477	24,795	24,236	26,739	22,516
443,756	108,899	193,345	56,058	24,800
49,718	92,937	56,971	137,178	51,912
-	-	8,993	(365,982)	6,091
(466,750)	-	-	(79,583)	(637,633)
13,102,390	13,133,960	13,803,329	13,230,319	13,287,835
-	-	-	-	145,608
19,246	37,984	56,602	49,959	55,708
201,813	149,890	72,749	58,686	18,617
466,750	-	-	79,583	637,633
687,809	187,874	129,351	188,228	857,566
13,790,199	13,321,834	13,932,680	13,418,547	14,145,401
1,493,288	1,700,673	2,024,318	(65,454)	2,242,140
1,658,020	4,392	(2,188,480)	23,786,291	1,739,741
$ 3,151,308	$ 1,705,065	$ (164,162)	$ 23,720,837	$ 3,981,881

City of Hinesville, Georgia
Fund Balances, Governmental Funds
Last Nine Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2003	**2004**	**2005**	**2006**
General Fund				
Reserved	$ 415,803	$ 496,768	$ 480,611	$ 501,215
Unreserved	5,909,014	7,118,075	8,242,597	9,601,131
Nonspendable	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General fund	6,324,817	7,614,843	8,723,208	10,102,346
All Other Governmental Funds				
Reserved				
Capital projects funds	-	-	-	-
Unreserved, reported in:				
Special revenue funds	378,901	301,849	362,665	429,665
Capital projects funds	6,990	20,516	20,334	20,334
Restricted	-	-	-	-
Assigned	-	-	-	-
Total all other governmental funds	$ 385,891	$ 322,365	$ 382,999	$ 449,999

Note: Information prior to 2003 was not available.
Note: *Prior year amounts have not been restated for the implementation of Statement 54.

City of Hinesville, Georgia
Fund Balances, Governmental Funds
Last Nine Fiscal Years
(Modified Accrual Basis of Accounting)
continued

Fiscal Year				
2007	**2008**	**2009**	**2010**	**2011***
$ 438,206	$ 454,746	$ 462,922	$ 1,425,571	$ -
9,305,564	8,658,517	8,018,060	4,659,002	-
-	-	-	-	119,806
-	-	-	-	66,370
-	-	-	-	2,643,487
-	-	-	-	409,060
9,743,770	9,113,263	8,480,982	6,084,573	3,238,723
-	-	-	6,813,401	-
447,745	218,503	201,719	217,753	-
(15,058)	(72,050)	78,912	-	-
-	-	-	-	346,780
-	-	-	-	215,622
$ 432,687	$ 146,453	$ 280,631	$ 7,031,154	$ 562,402

City of Hinesville, Georgia
Changes in Fund Balances, Governmental Funds
Last Nine Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2003	**2004**	**2005**	**2006**
Revenues:				
Taxes	$ 10,085,090	$ 11,484,494	$ 13,067,293	$ 13,139,164
Licenses and permits	474,444	458,071	449,481	524,968
Charges for services	560,613	605,193	937,145	1,247,708
Intergovernmental	2,210,087	46,625	33,615	44,824
Fines, forfeitures, and fees	1,130,906	1,335,548	1,198,644	1,641,696
Interest revenues	67,913	84,886	194,943	354,286
Other revenues	380,646	352,961	457,431	548,420
Total revenues	14,909,699	14,367,778	16,338,552	17,501,066
Expenditures:				
Current:				
General government	1,739,924	1,934,253	2,018,049	2,615,256
Judiciary [b]	-	-	-	310,188
Public safety	6,219,517	7,176,900	7,460,198	7,790,319
Highways and streets	1,487,697	1,895,753	2,289,907	2,974,786
Sanitation [a]	2,233,291	760,489	-	-
Health and welfare [c]	717,878	420,721	630,691	805,112
Welfare	287,763	369,395	734,225	842,418
Culture and recreation	339,949	662,296	347,789	440,885
Housing and development [c]	-	-	-	-
Capital outlay	481,801	-	1,679,889	304,829
Debt service:				
Principal	264,887	277,871	290,022	288,613
Interest and fiscal charges	135,196	122,365	111,866	95,140
Issuance costs	-	-	-	-
Intergovernmental Assistance [d]	-	-	-	-
Total expenditures	13,907,903	13,620,043	15,562,636	16,467,546
Excess of revenues over expenditures	1,001,796	747,735	775,916	1,033,520
Other financing sources (uses)				
Proceeds from the sale of capital assets	-	-	40,603	15,824
Transfers in	740,137	707,193	442,535	524,994
Transfers out	(488,798)	(228,428)	(90,055)	(128,200)
Bonds Issued	-	-	-	-
Paying agent fees	-	-	-	-
Bond discount	-	-	-	-
Total other financing sources (uses)	251,339	478,765	393,083	412,618
Net change in fund balances	$ 1,253,135	$ 1,226,500	$ 1,168,999	$ 1,446,138
Debt service as a percentage of noncapital expenditures	2.98%	2.94%	2.89%	2.37%

(a) Beginning in fiscal year 2004, sanitation activities were taken out of the general fund and recorded in a separate enterprise fund.
(b) Beginning in fiscal year 2006, the Municipal Court activities were reclassified as judicial expenditures from public safety.
(c) Beginning in fiscal year 2007, housing and development expenditures were reclassed from welfare, and health and welfare expenditures are function.
(d) Beginning in fiscal year 2007, certain intergovernmental assistance payments were reclassed from functional expenditures.

City of Hinesville, Georgia
Changes in Fund Balances, Governmental Funds
Last Nine Fiscal Years
(Modified Accrual Basis of Accounting)
continued

Fiscal Year				
2007	**2008**	**2009**	**2010**	**2011**
$ 12,845,946	$ 15,793,512	$ 13,422,946	$ 13,328,746	$ 13,793,840
521,847	476,725	562,341	431,860	516,812
1,895,671	733,196	740,652	696,390	687,160
805,689	2,162,806	4,633,256	5,463,538	4,669,683
1,263,396	1,033,661	1,057,140	1,002,884	825,363
443,756	108,899	193,345	56,058	24,800
207,469	160,283	145,177	249,329	180,761
17,983,774	20,469,082	20,754,857	21,228,805	20,698,419
2,149,401	2,046,797	2,075,051	2,499,484	2,305,062
307,241	351,386	367,289	409,876	422,570
8,413,678	8,981,182	9,764,313	10,047,017	10,677,842
2,326,779	1,924,282	1,742,224	1,785,571	1,950,677
-	-	-	-	-
481,409	523,491	615,212	571,853	627,265
-	-	-	-	-
600,073	811,435	543,686	539,631	528,547
2,294,267	2,542,275	2,041,798	3,002,003	1,518,104
493,871	2,894,247	3,089,996	6,122,878	8,058,381
247,688	255,000	270,000	285,000	895,000
83,011	70,581	57,124	111,992	413,676
-	-	-	218,480	-
737,886	1,013,907	695,257	717,641	1,984,350
18,135,304	21,414,583	21,261,950	26,311,426	29,381,474
(151,530)	(945,501)	(507,093)	(5,082,621)	(8,683,055)
-	28,758	8,993	11,210	6,091
447,013	407,579	340,696	765,372	409,152
(447,013)	(407,579)	(340,696)	(844,955)	(1,046,785)
-	-	-	9,510,000	-
-	-	-	(1,000)	-
-	-	-	(3,892)	-
-	28,758	8,993	9,436,735	(631,542)
$ (151,530)	$ (916,743)	$ (498,100)	$ 4,354,114	$ (9,314,597)
1.95%	1.87%	1.85%	1.78%	1.97%

City of Hinesville, Georgia
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Tax Digest Year

Tax Digest Year	Real Property				Other Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial	Mobile Homes	Motor Vehicles						
2001[2]	220,561,427	80,077,405	4,908,523	33,104,740	24,907,296	(1,383,839)	362,175,552	11.30	905,438,880	40%
2002[2]	227,757,411	82,610,219	4,908,523	33,827,980	25,478,325	(1,582,638)	372,999,820	11.30	932,499,550	40%
2003[2]	263,851,868	93,306,362	5,030,387	35,034,980	24,378,710	(2,861,813)	418,740,494	11.30	1,046,851,235	40%
2004[2]	270,518,473	95,725,444	4,435,665	35,127,590	25,978,614	(3,247,563)	428,538,223	11.30	1,071,345,558	40%
2005[2]	281,735,360	107,984,300	3,613,167	36,838,860	28,961,659	(4,185,699)	454,947,647	11.30	1,137,369,118	40%
2006[2]	302,145,795	107,995,366	3,613,167	36,838,860	29,018,502	(4,191,845)	475,419,845	10.90	1,188,549,613	40%
2007[2]	367,834,532	125,544,393	3,846,296	45,410,690	31,329,951	(5,630,747)	568,335,115	9.50	1,420,837,788	40%
2008[2]	376,181,073	125,717,958	3,734,701	48,103,840	32,549,420	(6,104,112)	580,182,880	9.50	1,450,457,200	40%
2009[2]	380,731,235	127,833,897	3,558,186	44,587,750	32,767,487	(6,460,000)	583,018,555	9.50	1,457,546,388	40%
2010[2]	401,784,208	127,220,629	3,338,777	43,676,030	29,873,037	(6,470,000)	599,422,681	9.50	1,498,556,703	40%

(1) Source: Georgia Department of Revenue Property Tax Division Consolidation Summary
(2) Source: Liberty County Tax Commissioner

City of Hinesville, Georgia
Property Tax Rates
Last Ten Digest Years

Tax Digest Year	Total Millage Rage	City of Hinesville	Liberty County	Board of Education	Board of Education Bonds	Industrial Authority	Hospital Authority	State of Georgia
2001	44.331	11.300	11.250	17.581	-	1.975	1.975	0.250
2002	44.165	11.300	11.193	17.492	-	1.965	1.965	0.250
2003	46.165	11.300	14.615	16.000	-	2.000	2.000	0.250
2004	44.829	11.300	13.279	16.000	-	2.000	2.000	0.250
2005	44.780	11.300	13.230	16.000	-	2.000	2.000	0.250
2006	43.751	10.900	12.684	16.000	-	2.000	1.917	0.250
2007	43.034	9.500	12.684	15.600	-	2.000	3.000	0.250
2008	42.430	9.500	11.980	15.600	-	2.000	3.100	0.250
2009	42.430	9.500	11.980	15.600	-	2.000	3.100	0.250
2010	42.430	9.500	11.980	15.600	-	2.000	3.100	0.250

Source: Liberty County Tax Commissioner

City of Hinesville, Georgia
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2010 Tax Digest Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2001 Tax Digest Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Coastal Utilities	$ -		0.00%	$ 7,762,507	1	2.14%
Georgia Power Company	6,923,513	1	1.52%	4,564,914	2	1.26%
Sec Of VA	-		0.00%	3,683,203	3	1.02%
Wal-Mart Stores	3,279,698	4	0.72%	2,975,971	4	0.82%
Wal-Mart Real Estate	3,933,329	2	0.86%	2,693,115	5	0.74%
Lowes Home Centers	2,774,437	5	0.61%	-		0.00%
Lowes Center	1,944,715	9	0.43%	-		0.00%
Raintree Associates LTD	2,358,012	8	0.52%	1,614,240	6	0.45%
The Hinesville Group	2,491,180	7	0.55%	1,575,334	7	0.43%
The Heritage Bank	1,889,552	10	0.42%	-		0.00%
Horsecreek Partners	3,695,601	3	0.81%	-		0.00%
Arnov Jake & Etal	-	-	0.00%	1,560,039	8	0.43%
Perlis-Ellin LLC	-	-	0.00%	-		0.00%
Robert Glenn Carter	-	-	0.00%	1,478,789	9	0.41%
Hinesville Retail Investors	2,597,266	6	0.57%	-		0.00%
WLN Development	-	-	0.00%	-		0.00%
Comcast	-		0.00%	1,477,236	10	0.41%
Total	$ 31,887,303		7.01%	$ 29,385,348		8.11%

Note: Information on principal property taxpayers prior to 2001 was not available.

City of Hinesville, Georgia
Property Tax Levies and Collections
Last Ten Fiscal Years

Tax Year	Taxes Levied	Errors, Releases or Adjustments	Adjusted Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	% of Levy		Amount	% of Levy
2000	3,833,703	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001	4,092,584	$ (19,171)	$ 4,073,413	$ 3,943,154	96.80%	$ 111,966	$ 4,055,120	99.55%
2002	4,214,731	(14,934)	4,199,797	4,070,097	96.91%	85,452	4,155,549	98.95%
2003	4,731,090	(18,676)	4,712,414	3,791,148	80.45%	798,846	4,589,994	97.40%
2004	4,842,482	(15,402)	4,827,080	4,614,326	95.59%	204,427	4,818,753	99.83%
2005	4,709,366	(21,957)	4,687,410	4,563,910	97.37%	112,774	4,676,684	99.77%
2006	4,745,877	(73,727)	4,672,150	4,544,117	97.26%	120,480	4,664,597	99.84%
2007	4,866,815	(68,074)	4,798,741	4,654,127	96.99%	144,545	4,798,672	100.00%
2008	5,589,180	(556,137)	5,033,044	4,859,145	96.54%	108,114	4,967,259	98.69%
2009	5,114,417	(21,098)	5,093,319	4,891,691	96.04%	133,712	5,025,403	98.67%
2010	5,155,167	(13,200)	5,141,967	4,967,624	96.61%	-	4,967,624	96.61%

N/A=Not Available
Source: Liberty County Tax Commissioner

City of Hinesville, Georgia
Local Option Sales Tax History
Last Ten Calendar Years

	2002	2003	2004	2005	2006
January	$ 184,427	$ 198,132	$ 258,444	$ 262,173	$ 343,937
February	177,037	194,122	246,442	238,449	332,347
March	169,113	199,978	251,401	259,671	341,208
April	174,951	183,117	282,944	249,009	371,688
May	184,751	243,398	284,671	253,999	325,321
June	164,486	219,501	261,218	244,409	344,359
July	172,771	240,269	279,032	262,231	335,228
August	158,037	278,400	267,370	263,971	343,579
September	168,511	262,122	262,355	245,563	404,044
October	160,090	225,701	243,724	204,811	221,151
November	188,191	229,159	244,607	242,812	276,025
December	217,970	224,136	276,895	276,836	341,095
Pro Rata Adjustment	15,616	10,110	21,149	10,316	14,896
Total	**$ 2,135,950**	**$ 2,708,146**	**$ 3,180,254**	**$ 3,014,248**	**$ 3,994,877**

	2007	2008	2009	2010	2011
January	$ 305,827	$ 247,186	$ 304,783	$ 386,122	$ 343,157
February	322,925	330,016	292,281	379,243	368,479
March	297,523	357,589	274,643	365,520	367,935
April	353,351	373,534	234,317	340,956	356,909
May	335,296	350,726	319,508	344,333	346,457
June	276,242	362,345	347,258	330,211	375,718
July	344,954	352,046	345,952	324,018	369,289
August	303,050	315,295	397,553	354,738	370,314
September	333,310	377,778	339,415	321,727	360,406
October	306,839	337,815	303,748	350,056	314,198
November	279,588	262,917	281,470	348,941	324,260
December	342,997	438,775	332,858	416,934	393,222
Pro Rata Adjustment	14,440	-	24,463	767	8,646
Total	**$ 3,816,342**	**$ 4,106,023**	**$ 3,798,249**	**$ 4,263,567**	**$ 4,298,990**

City of Hinesville, Georgia
Water and Sewer Rates
Last Ten Fiscal Years

	Water		Sewer	
Fiscal Years ended October 31,	**Gallons**	**Charge**	**Gallons**	**Charge**
2001-2002	up to 3,000	$10.50	up to 5,000	$10.50
	3,001 - 7,000	$10.50+$1.30 x [(consumption/1,000)-5]	5,001 - 7,000	$10.50+$1.30 x [(consumption/1,000)-5]
	7,001 - 12,000	$15.70+$1.40 x [(consumption/1,000)-7]	7,001 - 12,000	$13.10+$1.40 x [(consumption/1,000)-7]
	12,001 - 20,000	$22.70+$1.50 x [(consumption/1,000)-12]	12,001 - 20,000	$20.10+$1.50 x [(consumption/1,000)-12]
	20,001 - Over	$34.70+$1.70 x [(consumption/1,000)-20]	20,001 - Over	$32.10+$1.70 x [(consumption/1,000)-20]
2003	up to 3,000	$11.10	up to 5,000	$11.10
	3,001 - 7,000	$11.10+$1.50 x [(consumption/1,000)-5]	5,001 - 7,000	$11.10+$1.50 x [(consumption/1,000)-5]
	7,001 - 12,000	$17.10+$1.60 x [(consumption/1,000)-7]	7,001 - 12,000	$14.10+$1.60 x [(consumption/1,000)-7]
	12,001 - 20,000	$25.10+$1.70 x [(consumption/1,000)-12]	12,001 - 20,000	$21.10+$1.70 x [(consumption/1,000)-12]
	20,001 - Over	$38.70+$1.90 x [(consumption/1,000)-20]	20,001 - Over	$34.70+$1.90 x [(consumption/1,000)-20]
2004 - 2005	up to 3,000	$11.20	up to 5,000	$11.20
	3,001 - 7,000	$11.20+$1.60 x [(consumption/1,000)-5]	5,001 - 7,000	$11.20+$1.60 x [(consumption/1,000)-5]
	7,001 - 12,000	$17.20+$1.70 x [(consumption/1,000)-7]	7,001 - 12,000	$14.20+$1.70 x [(consumption/1,000)-7]
	12,001 - 20,000	$25.20+$1.80 x [(consumption/1,000)-12]	12,001 - 20,000	$22.20+$1.80 x [(consumption/1,000)-12]
	20,001 - Over	$38.80+$2.00 x [(consumption/1,000)-20]	20,001 - Over	$35.80+$2.00 x [(consumption/1,000)-20]
2006-2007	up to 3,000	$11.50	up to 5,000	$11.50
	3,001 - 7,000	$11.50+$1.60 x [(consumption/1,000)-5]	5,001 - 7,000	$11.50+$1.60 x [(consumption/1,000)-5]
	7,001 - 12,000	$17.90+$1.70 x [(consumption/1,000)-7]	7,001 - 12,000	$14.70+$1.70 x [(consumption/1,000)-7]
	12,001 - 20,000	$26.40+$1.80 x [(consumption/1,000)-12]	12,001 - 20,000	$23.20+$1.80 x [(consumption/1,000)-12]
	20,001 - Over	$40.80+$2.00 x [(consumption/1,000)-20]	20,001 - Over	$37.60+$2.00 x [(consumption/1,000)-20]
2008	up to 3,000	$11.80	up to 5,000	$11.80
	3,001 - 7,000	$11.80+$1.70 x [(consumption/1,000)-5]	5,001 - 7,000	$11.80+$1.70 x [(consumption/1,000)-5]
	7,001 - 12,000	$18.60+$1.80 x [(consumption/1,000)-7]	7,001 - 12,000	$15.20+$1.80 x [(consumption/1,000)-7]
	12,001 - 20,000	$27.60+$1.90 x [(consumption/1,000)-12]	12,001 - 20,000	$24.20+$1.90 x [(consumption/1,000)-12]
	20,001 - Over	$42.80+$2.15 x [(consumption/1,000)-20]	20,001 - Over	$39.40+$2.15 x [(consumption/1,000)-20]
2009-2011	up to 3,000	$12.10	up to 5,000	$12.10
	3,001 - 7,000	$12.10+$1.80 x [(consumption/1,000)-5]	5,001 - 7,000	$12.10+$1.80 x [(consumption/1,000)-5]
	7,001 - 12,000	$19.30+$1.90 x [(consumption/1,000)-7]	7,001 - 12,000	$15.70+$1.90 x [(consumption/1,000)-7]
	12,001 - 20,000	$28.80+$2.00 x [(consumption/1,000)-12]	12,001 - 20,000	$25.20+$2.00 x [(consumption/1,000)-12]
	20,001 - Over	$44.80+$2.30 x [(consumption/1,000)-20]	20,001 - Over	$41.20+$2.30 x [(consumption/1,000)-20]

Source: City of Hinesville Water Department

City of Hinesville, Georgia
Water and Sewer Consumption
Last Ten Fiscal Years

Fiscal Year Ended October 31,	Total Water Customers	Daily Water Consumption Peak (MGD)	Daily Water Consumption Average (MGD)	Total Sewer Customers	Daily Sewer Consumption Peak (MGD)	Daily Sewer Consumption Average (MGD)	Annual Water Consumption by Type (in thousands of gallons) Residential	Industrial	Commercial	Government
2001	9,152	4.930	2.990	8,798	4.290	3.230	757,237	771	164,839	4,465
2002	9,155	3.730	3.120	9,870	3.340	3.030	796,771	777	162,457	3,680
2003	9,281	3.257	2.949	9,108	4.918	3.849	772,050	1,054	165,119	6,692
2004	9,449	3.573	3.182	9,302	4.251	3.660	886,285	897	175,196	10,104
2005	9,649	3.160	2.919	9,487	3.990	3.470	820,033	2,672	166,387	11,526
2006	9,657	3.569	3.171	9,504	4.036	3.421	879,785	4,981	167,190	11,502
2007	9,565	3.545	2.989	9,413	5.677	4.644	796,367	3,584	195,677	7,902
2008	9,810	3.611	3.064	9,644	5.760	5.160	780,196	4,152	188,458	11,790
2009	9,764	4.705	3.210	9,583	5.337	3.335	824,767	3,039	180,713	10,667
2010	9,618	3.233	2.925	9,468	5.719	4.281	768,445	1,634	171,870	13,969
2011	9,913	3.470	3.154	9,708	4.998	4.140	831,323	2,057	184,360	13,065

MGD=Millions of Gallons per Day
Source: City of Hinesville Water Department

City of Hinesville, Georgia
Ten Largest Water and Sewer Customers
Current Fiscal Year

Customer	Gallons Metered	Water Revenue	Sewer Revenue	Total Revenue
Summerwind Condos	174,004	$ 40,152	$ 39,963	$ 80,115
Place Properties	93,671	38,781	38,333	77,114
Raintree Assoc.	149,415	34,353	34,313	68,666
The Columns	78,209	32,279	31,726	64,005
Woodwind South	91,780	21,095	21,052	42,147
Liberty Co. Jail	80,338	18,609	18,438	37,047
Lakeside 2 HMP	80,417	18,482	18,420	36,902
Pineland Square	66,000	17,185	17,142	34,327
Northgate Assoc.	65,343	16,394	16,358	32,752
Lakeside 3 HMP	69,645	16,004	15,961	31,965
Totals	**948,822**	**$ 253,333**	**$ 251,707**	**$ 505,039**

Source: City of Hinesville Water Department

City of Hinesville, Georgia
Legal Debt Margin Information
Last Ten Fiscal Years

Fiscal Years Ended October 31,	Assessed value of taxable property	Debt Limit (10% of assessed value)	Amount of outstanding debt applicable to debt limit	Legal debt margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2002	362,175,552	36,217,555	-	36,217,555	0.00
2003	372,985,000	37,298,500	-	37,298,500	0.00
2004	418,740,494	41,874,049	-	41,874,049	0.00
2005	428,538,223	42,853,822	-	42,853,822	0.00
2006	454,947,647	45,494,765	-	45,494,765	0.00
2007	475,419,845	47,541,985	-	47,541,985	0.00
2008	568,335,115	56,833,512	-	56,833,512	0.00
2009	580,182,880	58,018,288	-	58,018,288	0.00
2010	583,018,555	58,301,856	-	58,301,856	0.00
2011	599,422,681	59,942,268	-	59,942,268	0.00

City of Hinesville, Georgia
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities			Business-type Activities				
Fiscal Years Ended October 31,	**Build America Bonds**	**Certificates of Participation**	**Notes Payable**	**Revenue Bonds**	**Notes Payable**	**Total Primary Government**	**Percentage of Personal Income (1)**	**Per Capita (1)**
2002	-	2,450,000	20,740	8,930,000	20,773	11,421,513	0.89%	188
2003	-	2,250,000	16,752	8,345,000	2,275,226	12,886,978	0.93%	216
2004	-	2,040,000	12,433	7,730,000	2,367,288	12,149,721	0.81%	201
2005	-	1,820,000	7,755	7,080,000	2,619,336	11,527,091	0.70%	200
2006	-	1,590,000	2,688	6,405,000	2,531,713	10,529,401	0.58%	179
2007	-	1,345,000	-	5,695,000	18,533,089	25,573,089	1.75%	409
2008	-	1,090,000	-	4,370,015	29,185,145	34,645,160	2.24%	573
2009	-	820,000	-	3,708,356	29,322,833	33,851,189	2.21%	579
2010	9,510,000	535,000	-	3,011,697	29,622,249	42,678,946	2.77%	686
2011	8,915,000	235,000	-	2,545,000	13,015,867	24,710,867	1.60%	389

Note: Details regarding the City's long term debt can be found in the notes to the financial statements.

(1) See Schedule of Demographics and Economic Statistics for personal income and population data.

City of Hinesville, Georgia
Direct and Overlapping Governmental Activities Debt
As of October 31, 2011

Jurisdiction	Amount of Authorized Overlapping Debt	Amount of Outstanding Debt as of 10/31/2011	Percentage Applicable to the City of Hinesville [(a)]	Amount Applicable to the City of Hinesville
City of Hinesville, Georgia - Direct Debt				
Georgia Municipal Association Essential Facilities Certificates of Participation - Series 1997A	$ 3,300,000	$ 235,000	100.00%	$ 235,000
Public Facilities Authority Bonds, Build America Bonds, 2010	$ 9,510,000	$ 8,915,000	100.00%	$ 8,915,000
Subtotal direct debt				9,150,000
Liberty County, Georgia - Overlapping Debt				
Public Facilities Authority Bonds, 2004 Series	1,070,000	450,000	44.92%	202,136
Public Facilities Authority Bonds, 2008 Series-A	3,500,000	3,390,000	44.92%	1,522,757
Public Facilities Authority Bonds, 2008 Series-B	1,500,000	1,480,000	44.92%	664,803
Public Facilities Authority Bonds, 2009 Series	20,785,000	19,650,000	44.92%	8,826,603
Liberty County Projects Corporation, 2001 Series	4,772,038	4,772,038	44.92%	2,143,556
Subtotal overlapping debt				13,359,855
Total direct and overlapping debt				$ 22,509,855

Sources: Assessed value data used to estimate applicable percentages provided by the Liberty County Tax Assessors Office. Liberty County, Georgia debt issuances and outstanding debt provided by the County Finance Department.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that could place burden on the residents and businesses of the City of Hinesville. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

(a) The percentage of overlapping debt applicable is estimated using the assessed gross digest. Applicable percentages were estimated by determining the portion of the City's assessed taxable value that is within the County's boundaries and dividing it by the County's total gross digest.

City of Hinesville, Georgia
Pledged Revenue Coverage
Last Seven Fiscal Years

	Water Revenue Bonds					
				Debt Service[b]		
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage Ratio
2005	$ 5,816,219	$ 4,134,827	$ 1,681,392	$ 650,000	$ 383,015	1.63
2006	7,118,352	4,496,363	2,621,989	675,000	349,460	2.56
2007	7,131,093	4,799,280	2,331,813	710,000	317,323	2.27
2008	8,203,564	5,459,268	2,744,296	745,000	282,993	2.67
2009	7,079,398	6,101,358	978,040	780,000	246,222	0.95
2010	7,170,886	5,989,932	1,180,954	815,000	207,230	1.16
2011	7,541,581	6,224,685	1,316,896	810,000	165,793	1.35

Note: Information prior to 2005 was not available

[(a)] Operating expenses do not include interest, depreciation, amortization expenses, or support departments such as administration & finance.

[(b)] Details regarding the City's outstanding debt can be found in the notes to the financial statements.

City of Hinesville, Georgia
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population [1]	Personal Income [1]	Per Capita Personal Income [1]	Median Age [2]	Unemployment Rate [3]	School Enrollment [4]		
						Private	Public	Home Schooled
2002	60,787	1,278,146	21,024	25.0	4.00%	354	11,276	N/A
2003	59,698	1,380,145	23,116	25.0	4.90%	356	10,923	N/A
2004	60,493	1,493,247	24,681	25.0	6.30%	308	11,122	N/A
2005	57,544	1,638,405	28,465	25.0	5.40%	430	11,500	N/A
2006	58,925	1,818,201	30,853	25.0	7.00%	546	11,052	187
2007	62,571	1,464,213	24,216	25.0	6.50%	513	10,853	166
2008	60,503	1,547,458	25,577	25.0	6.60%	410	11,051	164
2009	58,491	1,531,387	26,182	27.4	8.50%	460	10,356	185
2010	62,186	1,540,267	24,769	27.4	8.50%	506	10,537	175
2011	63,453	1,542,359	24,307	27.4	9.20%	400	10,511	178

NOTE: 2004 and 2005 population, per capita, and personal income are estimates based on past regional trends.

(1)Source: Bureau of Economic Analysis: Regional Economic Accounts-estimates
(2)Source: U.S. Bureau of the Census, Census 2000
(3)Source: State Department of Labor
(4)Source: Liberty County Board of Education

City of Hinesville, Georgia
Demographic Profile
Census 2010

	City of Hinesville	Liberty County	State of Georgia	National
Population, 2010	33,437	63,453	9,687,653	308,745,538
Population, percent change, 2000 to 2010	10.00%	3.00%	18.30%	9.70%
Persons under 5 years old, percent	10.30	10.30	7.10	6.50
Persons under 18 years old, percent	30.60	30.20	25.70	24.00
Persons 65 years old and over, percent	5.30	6.30	10.70	13.00
Female persons, percent	52.70	51.20	51.20	50.80
White persons, percent	40.00	47.10	59.70	72.40
Black or African American persons, percent	47.40	42.20	30.50	12.60
American Indian and Alaska Native persons, percent	0.50	0.60	0.30	0.90
Asian persons, percent	2.60	2.00	3.20	4.80
Native Hawaiian and Other Pacific Islander, percent	0.80	0.60	0.10	0.20
Persons reporting some other race, percent	5.00	4.30	4.00	6.20
Persons reporting two or more races, percent	5.30	4.70	2.10	2.90
High school graduates, percent of persons age 25+	91.60	87.90	82.90	84.60
Bachelor's degree or higher, percent of persons age 25+	16.50	15.20	27.10	27.50
Households	11,162	21,027	3,488,349	112,611
Persons per household	2.68	2.81	2.63	2.6
Median household income 2005-2009	$ 41,198	$ 41,275	$ 47,469	$ 50,221
Per capita money income, 2005-2009	18,356	17,640	25,098	27,041
Median value of owner-occupied housing	107,300	110,100	160,100	185,400
Land area, 2000 (square miles)	20.37	489.8	57,513.50	3,531,905

Source: Year 2010 U.S. Census Report

City of Hinesville, Georgia
Demographic Profile
Census 2010

	City of Hinesville	Liberty County	State of Georgia	National
Population, 2010	33,437	63,453	9,687,653	308,745,538
Population, percent change, 2000 to 2010	10.00%	3.00%	18.30%	9.70%
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Persons under 18 years old, percent	30.60	30.20	25.70	24.00
Persons 65 years old and over, percent	5.30	6.30	10.70	13.00
Female persons, percent	52.70	51.20	51.20	50.80
White persons, percent	40.00	47.10	59.70	72.40
Black or African American persons, percent	47.40	42.20	30.50	12.60
American Indian and Alaska Native persons, percent	0.50	0.60	0.30	0.90
Asian persons, percent	2.60	2.00	3.20	4.80
Native Hawaiian and Other Pacific Islander, percent	0.80	0.60	0.10	0.20
Persons reporting some other race, percent	5.00	4.30	4.00	6.20
Persons reporting two or more races, percent	5.30	4.70	2.10	2.90
High school graduates, percent of persons age 25+	91.60	87.90	82.90	84.60
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Land area, 2000 (square miles)	20.37	489.8	57,513.50	3,531,905

Source: Year 2010 U.S. Census Report

City of Hinesville, Georgia
Full Time Equivalent City Employees By Department
Last Ten Fiscal Years

Fiscal Year Ended October 31,	General Government	Police Department	Fire Department	Inspections	Total
2002	24	103	39	13	179
2003	24	103	39	13	179
2004	24	105	45	13	187
2005	27	105	45	11	188
2006	37	97	45	13	192
2007	37	96	46	13	192
2008	38	106	49	12	205
2009	37	98	49	12	196
2010	41	100	49	14	204
2011	43	104	49	14	210

Source: City of Hinesville Human Resource Department

City of Hinesville, Georgia
Public Safety Operating Indicators by Function
Last Ten Fiscal Years

Function	2002	2003	2004	2005	2006
Police					
Citations issued[1]	8,050	9,615	9,432	10,951	13,596
DUI Citations issued[1]	184	147	137	127	161
Warnings issued[1]	4,521	4,759	5,825	5,926	4,909
Crime Statistics:[2]					
Aggravated Assault	53	37	40	35	46
Auto Theft	67	75	83	64	59
Murder	7	3	-	-	6
Rape	16	10	16	22	16
Robbery	48	63	60	53	50
Burglary	365	302	385	416	417
Theft	1,522	1,537	1,622	1,513	1,726
Fire[3]					
Incident responses	1,875	1,804	2,092	1,781	2,051
Public Safety Education					
Events	108	86	419	113	245
Persons contacted	8,925	7,668	15,882	16,621	11,647

(1) Source: Hinesville Municipal Court
(2) Source: Hinesville Police Department
(3) Source: Hinesville Fire Department

City of Hinesville
Public Safety Operating Indicators by Function
Last Ten Fiscal Years
continued

2007	2008	2009	2010	2011
12,160	11,194	11,256	9,277	9,991
133	145	202	124	110
5,582	4,825	4,666	4,656	4,663
43	56	47	40	37
72	72	73	63	57
3	1	2	5	1
17	9	13	13	14
42	53	74	47	49
494	517	635	470	521
1,675	1,364	1,200	1,190	1,112
2,271	2,219	2,422	2,383	3,853
681	1,491	1,601	648	301
14,483	13,511	11,260	16,480	15,871

City of Hinesville, Georgia
Capital Asset Statistics by Function
Last Seven Fiscal Years

	Fiscal Year						
	2005	2006	2007	2008	2009	2010	2011
Function/Program							
Police							
Stations	1	1	1	1	1	1	1
Patrol units	74	83	82	85	88	87	86
Fire							
Fire stations	2	2	2	2	2	2	2
Units (SUV, Cars)	-	-	9	9	9	9	9
Dive Van	-	-	1	2	2	2	2
Dive Boat	-	-	1	1	1	1	1
Fire Safety House	-	-	1	1	1	1	1
Rehab Trailer	-	-	1	1	1	1	1
HazMat Unit	-	-	1	1	1	1	1
Fire Trucks							
Engine	3	3	3	3	3	3	3
Ladder	1	1	1	1	1	1	1
Tanker	1	1	1	1	1	1	1
Service trucks	1	1	1	1	1	1	1
Rescue	3	3	3	3	3	3	3
Public works							
Streets owned & maintained (miles)[a]	0.56	0.56	0.58	0.62	0.64	0.65	0.65
Right-of-ways maintained (miles)[a]	1.38	1.38	1.41	1.47	1.53	1.55	1.55
Trucks	23	23	23	23	23	23	23
Heavy Equip	21	21	21	21	21	19	21
Water							
Service trucks	7	7	7	7	7	7	7
Fire hydrants	1,043	1,043	1,044	1,185	1,203	1,222	1,228
Storage capacity (millions of gallons)[b]	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Wastewater							
Treatment capacity per day (millions of gallons) #1	7.15	7.15	7.15	7.15	7.15	7.15	7.15
Treatment capacity per day (millions of gallons) #2	-	-	2.00	2.00	2.00	2.00	2.00
Solid Waste							
Garbage can collection trucks	7	8	8	8	8	7	8
Other collection trucks [c]	9	9	15	15	10	13	10
Transit							
Buses	-	-	-	-	-	8	9

Source: Various City departments.

Note: Information prior to 2005 was not available.
Note: No capital asset indicators are available for the general government functions.

[a] Data presented is in sq. miles.

[b] Water storage is available in six city-owned water towers.

[c] Other collection trucks include trucks to dispose of white goods, bulky items, and yard waste.

City of Hinesville, Georgia
Construction Activity
Last Ten Fiscal Years

Fiscal Year Ended October 31,	Residential Permits Issued	Residential Water ERUs	Residential Sewer ERUs	Commercial Permits Issued	Commercial Water ERUs	Commercial Sewer ERUs
2002	108	112.63	342.28	17	25.58	36.40
2003	183	154.33	256.00	12	26.95	55.38
2004	115	99.00	97.00	14	10.68	23.33
2005	108	109.90	111.50	5	27.00	33.97
2006	90	203.90	229.00	28	83.71	119.26
2007	83	70.33	170.31	14	19.29	4.43
2008	81	192.78	103.00	17	45.11	24.44
2009	91	104.44	107.00	6	17.55	32.13
2010	57	57.00	138.00	4	28.39	33.35
2011	103	112.00	109.00	12	38.44	32.45

Source: City of Hinesville Department of Inspections

Note: ERU as defined is an Equivalent Residential Unit. One sewer ERU is equal to 350 gallons per day and one water is equal to the flow from a 3/4" meter.


HINESVILLE
GEORGIA

COMPLIANCE SECTION

CITY OF HINESVILLE, GEORGA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2011

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Direct Programs:			
Supportive Housing Program	GA0053B4B010802	14.235	$ 64,929
Community Development Block Grant-Entitlement Grant	B-06-MC-13-0012	14.218	25,079
Community Development Block Grant-Entitlement Grant	B-09-MC-13-0013	14.218	7,505
Community Development Block Grant-Entitlement Grant	B-10-MC-13-0013	14.218	164,242
Community Development Block Grant-Entitlement Grant	B-11-MC-13-0013	14.218	1,500
Total CDBG Entitlement Grants			198,326
Total Direct Programs			263,255
Passed through Georgia Department of Community Affairs			
Emergency Shelter Grant	2010HTFEO10C041	14.231	5,550
Emergency Shelter Grant	2010HTFET10C131	14.231	5,000
Emergency Shelter Grant	2010HTFETA102C243	14.231	1,900
Emergency Solutions Grant	201111EET11C113	14.231	5,000
Emergency Solutions Grant	201111EEO11C112	14.231	2,565
Total Pass-through Programs			20,015
Total U.S. Department of Housing and Urban Development			283,270
U.S. Department of Justice			
Direct Programs:			
Ed Byrne Memorial ARRA	2009-SB-B9-0942	16.738	332
Ed Byrne Memorial	2009-DJ-BX-1115	16.738	9,638
Subtotal Program 16.738			9,970
COPS Hiring Program	2010-UM-WX-0087	16.710	70,400
Bulletproof Vest Partnership Program	2011BUBX11056507	16.607	1,160
Total Direct Programs			81,530
Total U.S. Department of Justice			$ 81,530

CITY OF HINESVILLE, GEORGA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2011
(CONTINUED)

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
U.S. Environmental Protection Agency			
Direct Programs:			
Brownfield Cleanup	BF-95408508-0	66.818	$ 8,910
Total Direct Programs			8,910
Total U.S. Environmental Protection Agency			8,910
U.S. Department of Transportation			
Direct Programs:			
Highway Planning and Construction	69-8083-0-7-401	20.205	90,021
Metropolitan Transportation Planning	69-1137-0-1-401	20.505	16,243
Total Direct Programs			106,264
Passed through Georgia Department of Transportation			
Urbanized Area Formula Grant	69-8350-0-7-401	20.507	327,019
Urbanized Area Formula Grant	69-8350-0-7-401	20.507	52,486
Urbanized Area Formula Grant	69-8350-0-7-401	20.507	19,134
Urbanized Area Formula Grant	69-8350-0-7-401	20.507	584,228
Urbanized Area Formula Grant	69-8350-0-7-401	20.507	221,553
Total Pass-through Programs			1,204,420
Total U.S. Department of Transportation			1,310,684
U.S. Department of Homeland Security			
Direct Programs:			
Assistance to Firefighters	EMW-2010-FR-00302	97.044	957,068
Total Direct Programs			957,068
Total U.S. Department of Homeland Security			$ 957,068

CITY OF HINESVILLE, GEORGA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2011
(CONTINUED)

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Health and Human Services			
Direct Programs:			
Assets for Independence	90EI0454	93.602	$ 4,000
Total Direct Programs			4,000
Total U.S. Department of Health and Human Services			4,000
U.S. Department of Energy			
Direct Programs:			
Energy Efficiency & Conservation	DE-EE0000806	81.128	97,582
Total Direct Programs			97,582
Total U.S. Department of Energy			97,582
Total Expenditures of Federal Awards			$ 2,743,044

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of Federal Awards includes the federal grant activity of City of Hinesville, Georgia under programs of the federal government for the fiscal year ended October 31, 2011. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the City of Hinesville, Georgia, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City of Hinesville, Georgia.

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Measurement Focus

The determination of when an award is expended is based on when the activity related to the award occurs.

Program Type Determination

Type A programs are defined as Federal programs with Federal expenditures exceeding the larger of $300,000 or three percent of total Federal expenditures. The threshold of $300,000 was used in distinguishing between Type A and Type B programs.

Method of Major Program Selection

The risk-based approach was used in the selection of Federal programs to be tested as major programs. The City did not qualify as a low-risk auditee for the fiscal year ended October 31, 2011.

Amount Provided to Subrecipients

The total amount provided to subrecipients from each major program is as follows:

U.S. Department of Housing and Urban Development			
Community Development Block Grants-Entitlement Grant	14.218	$	50,844

CITY OF HINESVILLE, GEORGIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2011

FEDERAL AWARD FINDINGS

Findings Noted on the Report on compliance with Requirements Applicable to Each Major Program and Internal control over Compliance in Accordance with OMB Circular A-133:

NONE REPORTED

CLH&P CLIFTON, LIPFORD, HARDISON & PARKER, LLC

J. Russell Lipford, Jr., CPA
Mark O. Hardison, CPA
Terry I. Parker, CPA
Christopher S. Edwards, CPA
Lynn S. Hudson, CPA
Kevin E. Lipford, CPA

Member of
American Institute of
Certified Public Accountants
Truman W. Clifton (1902-1989)

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Members of the
City Council
City of Hinesville, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hinesville, Georgia as of and for the fiscal year ended October 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 16, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City of Hinesville, Georgia is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Hinesville, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. 2010-01

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Hinesville, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2011-01.

We noted certain matters that we reported to management of the City of Hinesville, Georgia in a separate letter dated April 16, 2012.

The City's responses to the findings indentified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express on opinion on it.

This report is intended solely for the information and use of the audit committee, management, the Council, and federal award agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Macon, Georgia
April 16, 2012

CLHP

CLIFTON, LIPFORD, HARDISON & PARKER, LLC

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133*

Honorable Mayor and Members of the
City Council
City of Hinesville, Georgia

Compliance

We have audited the City of Hinesville, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Hinesville, Georgia's major federal programs for the fiscal year ended October 31, 2011. City of Hinesville, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Hinesville, Georgia's management. Our responsibility is to express an opinion on the City of Hinesville, Georgia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Hinesville, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Hinesville, Georgia's compliance with those requirements.

In our opinion, the City of Hinesville, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended October 31, 2011.

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Internal Control Over Compliance

Management of the City of Hinesville, Georgia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Hinesville, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Hinesville, Georgia's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, the Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Macon, Georgia
April 16, 2012

CITY OF HINESVILLE, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2011

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weakness(es)	None Reported
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None Reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	No

Identification of Major Programs:

CFDA Numbers	Name of Federal Program
97.044	Assistance to Firefighters
20.507	Transit Operations Assistance

Dollar threshold used to distinguish between Type A and Type B program	$ 300,000
Auditee qualified as low-risk auditee	No

Section II – Financial Statement Findings

Findings noted on the "Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with government auditing standards":

2010-01 Reconciliation of Enterprise Fund Subsidiary Records *(Reiteration of Prior Year)*

CRITERIA
An effective system of internal accounting controls includes the reconciliation of subsidiary records to their general ledger control accounts on a timely basis.

CONDITION
During the fiscal year, the proprietary funds billing system was not being reconciled to the general ledger control accounts on a monthly basis.

EFFECT
Subsidiary records for accounts receivable and customer deposits did not agree to their general ledger control accounts throughout fiscal year 2011. During the year-end closeout process, management recorded entries totaling approximately $245,000 to reconcile the general ledger with subsidiary records.

RECOMMENDATION
Management should review accounting procedures to determine the cause of differences between the general ledger and the proprietary funds billing systems. Procedures should be updated to insure all transactions in the billing system are also recorded on the general ledger. Reconciliation of accounts receivable and customer deposits should occur on a monthly basis.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS
We concur with this finding. For the year ended October 31, 2011, the water and sewer fund accounts receivable report was not being reconciled to the City's general ledger on a monthly basis. We agree that this should be part of our monthly reconciliation and close out process and have implemented steps to incorporate this as part of our monthly process. In addition to finding the differences, we are working to try to identify the cause of any differences and make corrections necessary.

COMPLIANCE FINDING

2011-01 Budgetary Control – Expenditures Exceeding Appropriations – (OCGA 36-81-3)

CRITERIA

In order to comply with the applicable legal requirements regarding budgets, procedures must exist to properly monitor compliance with State law. The Official Code of Georgia (36-81-3) requires an annual balanced budget for the general fund and each special revenue fund. Any increase in appropriation at the legal level of control requires the approval of the governing authority. Such amendment shall be adopted by ordinance or resolution.

CONDITION

Expenditures were in excess of appropriations for the following departments:

	Amount in Excess of Appropriations
General Fund:	
Administration	$ 7,260
Public Works Administration	708
Highways & Streets	166,960
Vehicle Maintenance	4,220
Parks & Grounds	5,761
Economic Development	27,682
Interest & Fiscal Charges	1,000

EFFECT

The City has not complied with budget requirements as stated in OCGA 36-81-3.

CAUSE

The City did not approve a supplemental budget adjustment to cover the expenditures that exceeded appropriations.

RECOMMENDATION

Management should evaluate the effectiveness of the annual budget during the year to determine if the County should prepare a supplemental budget amendment for the general fund in future years.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

We concur with this finding. For the year ended October 31, 2011, expenditures exceeded appropriations in the Administration, Public Works Administration, Highways & Streets, Vehicle Maintenance, Parks & Grounds, Economic Development and Interest and Fiscal Charges departments. Each year the City adopts an annual budget. Although budget and actual expenditures are monitored and reviewed on a regular basis, over-expenditure does occur from time to time. The budget is amended when possible; however, there are certain situations for which no amendment can be made. The City will continue to monitor the budget on a regular basis.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.